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CHILE: ADVANCE OR RETREAT?

PAUL M. SWEEZY

MONETARY CRISIS OF WORLD CAPITALISM

JACOB MORRIS

Armed Uprising in Ceylon—A Report

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NOTES FROM THE EDITORS

During the second half of October, Paul Sweezy took part in a seminar on the subject of the transition to socialism which was held in Santiago, Chile, under the auspices of two research centers, one at the National University and the other at the Catholic University (both centers are run by supporters of the Allende government). The paper which he presented to the seminar will be published, probably with additions and amendments, in a subsequent issue of MR. Meanwhile, this month's Review of the Month sums up his impressions of the current situation in Chile.

A revealing (and amusing) incident occurred recently in Canada where the nationalistic elements of Nixon's New Economic Policy—in particular the 10 percent surcharge on dutiable imports—have caused a considerable furor in governing circles. Prime Minister Trudeau, who used to flirt with the Left in his younger days, was interviewed by a reporter for the Southam chain of newspapers. In the course of the interview, Trudeau raised questions about the purposes of U.S. policy, remarking: "I re-

(*Continued on inside back cover*)

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CHILE: ADVANCE OR RETREAT?

By Paul M. Sweezy

In an article in the October issue of MONTHLY REVIEW, James Petras gave a good summary of what the Popular Unity (*Unidad Popular,* UP) government of President Salvador Allende has accomplished in Chile during its first year in office.* My purpose in the present report is neither to go over the same ground covered by Petras, nor to add further facts and details to his story. I want rather to try to analyze the *political* process now unfolding in Chile and to draw some tentative conclusions about possible developments from here on.

Let me begin with extended excerpts from an article by Hector Benavides, a militant of the Chilean Socialist Party who is involved in the government's industrial program. The article, under the title "The Masses Begin to Take the Initiative," was published in the October issue of *Indoamérica: Tribuna del Pensamiento Socialista,* a journal published by left-wing members of the Socialist Party but not an official Party organ:

> The Chilean process has moved too rapidly to please the reformists and too slowly to please the revolutionaries. This does not mean that a golden mean has been found, permitting advances independent of the extremes and thus assuring uninterrupted victories. On the contrary, it is an improvised, vacillating advance; in fact, at times there is retreat. One of the characteristics of the process has been lack of political direction and a mechanism for implementing middle- and high-level decisions.

* James Petras, "The Transition to Socialism in Chile: Perspectives and Problems," MR (October 1971), pp. 43-71.

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Between January and May, when the oligarchy was still disorganized and disoriented, the advance was too slow on the main front, i.e., the requisitioning and expropriating of industries. This led to a political and institutional regrouping of the industrial bourgeoisie and a hardening of the struggle for the creation of the sector of social property.

Simultaneously, the reactionary theory of "consolidation" arose within the Popular Unity coalition. This theory implies holding back, in various ways, the people's advance toward socialism and returning the process to the traditional, sluggish rhythms that characterized reformist "advances" in Chile during the past thirty years.

At this point the process cannot be halted or stabilized. Either it advances or it retreats. The changes achieved to date are insufficient to guarantee the march toward socialism, but they are profound enough to block a stable solution at the half-way point.

We are approaching a pre-revolutionary situation in which the masses are beginning to take the initiative. The organized masses do not permit the imposition of conditions from above if such conditions do not satisfy their class aspirations. The political parties are facing a choice: to lead the organized masses, or to be left behind by the organized masses as they advance.

This situation disconcerts the reformists and encourages the revolutionaries. And it poses theoretical and practical problems for the leadership of the process in its next stage.

The proposal to consolidate the Chilean process at its present stage of development is based on the theory of structural changes. According to this theory, the programmatic points of the UP, as they have been carried out, have produced changes in the structure of the capitalist system and have created a statified sector (*área estatizada*) which, if it is consolidated, can serve as the basis for the construction of socialism. Therefore, say the proponents of this theory, consolidating what has been accomplished would be the surest way of advancing toward socialism.

The truth, however, is that changes effected to date are changes *within the capitalist system*. They have undoubtedly altered profoundly the old ways of operating of the Chilean oligarchy and its most parasitic sectors. But they have *not yet* changed the bases of the capitalist system: the right to exploit, the right to appropriate and accumulate surplus value, and control over the means of production by private ownership all still exist. In reality what has happened is that the bourgeoisie has been obliged to displace itself from one sector of industrial and commercial activity to another, and at the same time its field of operation has been limited. But up to now the problem of the disappearance of the big bourgeoisie as an exploiting class has in no way been raised.

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The formation of the state sector (*área estatal*) has taken place by means of the purchase of property and shares of stock, which proves that we are operating according to the norms of the capitalist system. What is occurring is the transfer of private investments from sectors classified as strategic to our program, to nonstrategic sectors. The fact that some of the bourgeoisie's property—e.g., the banks—has been purchased at low prices does not weaken this argument, since prices under capitalism take into account the prospects of making profits, directly or indirectly; and the prices of bank stocks, which were already low before the UP won its electoral victory, dropped even further afterward. The loss of the oligarchy's control over basic state organisms determined objectively—and in accordance with capitalist laws—that bank stocks would not be worth more than was actually paid for them.

It is important to understand clearly that a statified banking system is no obstacle to the development of capitalism: on the contrary, it can be a great advantage. If they continue to make credit available for capitalist-type production, statified banks can actively promote private industry. And, just as the state never uses the possibility of cutting off an essential service (e.g., electricity) as a way of fighting against a capitalist, neither can it use the restriction of credit to pressure an enterprise.

There are countries in which iron and steel production, mining, and the entire chemical industry were statified many years ago—20 years ago in Britain in the case of coal and steel—and yet the capitalist system has continued to develop vigorously. The statifications have, in effect, freed private capital in basic but relatively unprofitable sectors, so that it can be channeled into new, rapidly growing sectors with greater possibilities of producing profits.

The changes effected in Chile to date constitute the *preparation* for profound structural changes that would signify the transition from the capitalist to the socialist system. But so far these are changes *within* the capitalist system. If the process stops at this point, it is the capitalist system which will be consolidated, and the changes preparatory to advancing the social revolution will be transformed into instruments in the hands of the capitalists. This is the reason why we consider the theory of the consolidation of structural changes to be a reactionary theory: the truth is that it serves the interests of the capitalists.

If the process were to be halted, it would cost dearly to set it in motion again, and during the period of marking time the capitalist class would invest its profits in its new areas of operation and thus strengthen itself as a class.

It follows that during the present stage the important thing

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is to consolidate and strengthen the advance toward socialism. For this we must extend the sector of social property, since the enterprises considered separately, even if they are state property, continue to be weaker than capitalist enterprises. Socialism is built to the extent that the workers become the masters of more and more enterprises, to the extent that the exploiters are progressively eliminated, to the extent that planning is extended to all of industrial production, and to the extent that the workers themselves assume the management of the statified enterprises.

This process must be accelerated, not slackened under the pretext of consolidating structures. These structures correspond to a specific social system, and what concerns us is to change this system, not to consolidate it.

In order to accelerate the required changes, the mass movement must be consolidated, its political and organizational level must be raised, based on its spontaneous combativity. Fortunately, we have approached a point at which the workers themselves are stimulating the process and taking long steps toward the formation of a socialist consciousness. To check these initiatives under the pretext of consolidation, to halt the advance at the half-way point would be a crime against the Chilean Revolution, and it would discredit the cause of socialization in the eyes of the workers. . . .

Economic weakness and a possible shortage of goods can have a very negative effect, especially on the middle strata of the population; in other words, a temporizing policy could result in the loss of support of those we are trying to win over. On the other hand, if the working class advances firmly and unhesitatingly, the great majority of the population will follow its lead.

This analysis, which was fully confirmed by what I was able to observe in Chile during the second half of October, raises the following questions: (1) Which policy, consolidation or further advance, is the UP leadership likely to opt for? (2) What political consequences could be expected to follow if it (a) chooses consolidation, or (b) chooses advance? Since expected consequences will undoubtedly play an important part in determining which policy is pursued, we must consider the second question first.

The Consequences of Advance

Hector Benavides deals with only one side of this problem: the radicalization of the workers, the strengthening of their organizations, and the raising of their combativity, all evidently positive and extremely desirable from a revolutionary

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socialist point of view. It would in fact be precisely this process of development and transformation within the working class which could lead from the present stage of preparation for the advance to socialism to the next stage of actually entering the transition process. But of course the Chilean bourgeoisie is not going to sit by and watch this happen without trying to stop it. As Benavides points out, the bourgeoisie can tolerate changes which take place *within* the capitalist system and indeed can usually manage to derive advantages from such changes, but it most certainly will not react passively to changes which threaten to overturn the system. The question is, therefore, what, in the specific conditions of Chile, can the bourgeoisie do to prevent changes of the latter type?

Here control over the legislature and the judiciary, both still in bourgeois hands, is not enough. Laws and decrees already exist which have been, and can continue to be, used to legitimize workers' seizure of factories; and in any case neither legislators nor judges have the means to enforce their decisions. What is crucial is control over such means, i.e., over the armed forces (including the police). Nominally, of course, this control is wielded by the Allende administration, but hardly anyone—certainly not Allende or his Socialist minister of the interior—can believe that this nominal control is firm and reliable. The army (which in the present context can stand for all branches of the armed forces) is a bourgeois institution designed to protect the capitalist system from its enemies, internal as well as external. If and when that system is threatened, as it certainly would be by continuous advance along lines indicated by Benavides, the bourgeoisie can be confidently expected to try to use the army to eliminate the threat. And since we are assuming government support for a policy of advance toward socialism, this could only mean an attempted coup d'état.

Whether or not such an attempt would succeed is another matter. Historical experience in Latin America certainly suggests a strong probability that it would. On the other hand, the Chilean situation has many special features which might tip the balance the other way, and lead to the defeat of an insurgent army faction. Historical experience also provides backing for this hypothesis: in both Spain in 1936 and the Domin-

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ican Republic in 1965, right-wing army uprisings would have been overwhelmingly defeated had it not been for foreign intervention, from Nazi Germany and Fascist Italy in the one case and from the United States in the other. Something similar might happen in Chile, without any of the potential foreign participants being able to intervene decisively. But from our present point of view it is not necessary to try to arrive at a definite answer to this question. What is important is to recognize that a policy of pushing on toward socialism, as advocated by Hector Benavides and many others in the Chilean Left, would almost certainly lead sooner or later to an armed confrontation between the proletariat and the bourgeoisie, the latter represented by part or all of the state's armed forces. This is widely recognized in Chile, even if it is not often discussed in public; and this recognition cannot but play an important role in determining the policy decisions of various groups and individuals.

The Consequences of Consolidation

If the "consolidationists" win out in the UP and successful efforts were made to prevent the workers—by bureaucratic restraints, or even by repressive measures—from continuing to extend the area and scope of their economic control, what would in reality be consolidated would not be the base from which to launch a future drive to socialism but rather the capitalist system itself. It cannot be overemphasized that, as Benavides rightly insists, the absorption even on a large scale of private enterprises into the public sector does not necessarily weaken capitalism and may do just the opposite. This could have been deduced as long ago as the 1930s from such experiences as that of Fascist Italy;* but in any case, after what has happened in one capitalist country after another in the period since the Second World War, there can no longer be any excuse for failure to understand this extremely important truth. Historically, capitalism developed, and *had* to develop, under con-

* On the extent of state ownership of the means of production in Fascist Italy, see "The Long-run Decline in Liquidity," MR (September 1970), pp. 16-17.

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ditions of predominantly private ownership of the means of production. But once the class relations specific to capitalism have been firmly established and the organizational forms most suited to the extraction and accumulation of surplus value have been perfected, the system can survive, and indeed thrive, under a variety of patterns of legal ownership of the means of production. Nothing that has happened in Chile is inconsistent with this principle: capitalism there is still intact and wants nothing more just now than a period of "consolidation" in which it can adjust to the new conditions and learn how to make the best, i.e., the most profitable, use of the opportunities it offers.

But this is only one side of the consolidation question: the other side is whether consolidation in any meaningful sense is really possible.

During the first year of the UP government, owing to the prior existence of much unemployment and unused plant capacity, it was possible to bring about an increase in the production of goods for popular consumption and thus to effect a substantial rise in the standard of living of the lower-income classes. Pedro Vuskovic, the Minister of Economy, estimated in a lecture delivered in Santiago on October 17th, that during the first year of UP government real wages had risen by some 20 percent. But this process has by now reached its limits. Economic difficulties rather than economic successes are likely to characterize the period ahead. Bottlenecks and shortages (especially of meat) are beginning to appear. Foreign exchange reserves, which stood at around $500 million when Allende took office, are down to less than $100 million by now and will soon be exhausted. This means that it will be difficult, if not impossible, to ameliorate these difficulties by means of strategic imports. At the same time, the investible domestic surplus under the control of the government is very limited, owing to the continued private ownership of most of the country's profitable industry; and the capitalists, for their part, are either withholding investments because of uncertainty or directing them into projects of their own choice rather than those which could contribute to the success of the government's plans.

For all these reasons the relative quiet on the economic

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front which has prevailed during the first year can be expected to give way to increasing turbulence and strife. Indeed this is already happening: as we write, news comes of a demonstration of 5,000 women in Santiago, organized by the opposition Christian Democratic and National parties and aimed at the twin targets of food shortages and Fidel Castro's visit to Chile.

Under the present setup there is not much the government can do to solve these problems, which are of neither an accidental nor a superficial nature but rather are deeply rooted in the existing socio-economic and political structures. We recall Hector Benavides's dictum: "At this point the process cannot be halted or stabilized. Either it advances or it retreats." And this means that the forces of revolution and counter-revolution are locked in a titanic struggle which is inexorably headed for a confrontation from which either one or the other must emerge victorious.

Which Way for the UP?

Faced with the choice of revolutionary advance or counter-revolutionary retreat, what is the reaction of the UP in general and Allende in particular likely to be?

To answer this question as far as the UP is concerned, we need to remember that it started as an electoral alliance and, following its victory at the polls, added the function of sharing out government jobs. It is not a policy-making entity, and its constituent bodies, apart from having agreed to the original electoral program, are far from united in ideology or in long-run goals. As the theater of decisive action shifts increasingly away from elections, parliament, and government offices and toward a confrontation between the real class forces in Chilean society, the UP as such becomes more and more irrelevant and prone to disintegration. Already, in fact, two of its original constituents, the Radical Party and the MAPU (Movement for Unified Popular Action), have split and in the process spawned two new political organizations, the MR-II (Independent Radical Movement of the Left) and the Christian Left. These new groups support the Allende government, and some of the ministers and members of parliament who belonged to the old Radical Party and the MAPU have joined them.

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The most prominent of these is Jacques Chonchol, the Minister of Agriculture, who was the leading figure in MAPU and now holds the same position in the Christian Left. Strictly speaking, therefore, the government is no longer a UP government since these new organizations which are represented in it were not members of the original coalition. This is a matter of no great significance, however; and given the fact that further shifts and shuffles are not unlikely, we can probably safely conclude that the UP is on the way to becoming little more than a convenient label attached to whatever combination of parties and groups may from time to time support the Allende administration.

In the meantime, it is clear that the real political forces in the government camp are the Socialist and Communist parties and Allende himself. To the left of them is the MIR (Movement of the Revolutionary Left), which has grown rapidly in the last year,* and to the right of them are the main political representatives of the bourgeoisie, the Christian Democratic and National parties. These will be the main actors on the political stage in the period ahead, with the armed forces in the wings, waiting and weighing the prospects and dangers of active intervention.

The question is how these main actors will react to the choice between revolutionary advance and counter-revolutionary retreat. In the case of the right-wing parties and the MIR, the answer is obvious: these are, respectively, the committed protagonists on the counter-revolutionary and revolutionary sides of the great struggle. How about the Socialist and Communist parties and Allende?

The SP is far from being a homogeneous party and is unlikely to react in a unified way. It has a large and growing revolutionary Left which will doubtless throw itself into the revolutionary struggle along with the MIR. It has a Center which will probably follow Allende's lead. And it has a Right which can be expected to defect to the opposition when the going gets tough.

* MIR spokesmen claim that their membership has quadrupled, and the MIR is the moving force in new revolutionary workers' and peasants' organizations.

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The CP, on the other hand, is tightly organized and controlled by a traditional pro-Moscow bureaucracy. This bureaucracy is certainly not going to be in the forefront of a revolutionary advance, but neither can it be insensitive and unresponsive to what is unquestionably a radicalization of the Party's working-class base. It follows that the part played by the CP is by no means predetermined and may well be transformed in the course of the struggle itself. One factor, and perhaps even a decisive factor, in deciding the outcome will be the role of Allende, on whom the CP leadership is very dependent—it is primarily their relationship to Allende which has enabled the CP to avoid the kind of isolation which has befallen the Communists in France and Italy and many other countries.

In the final analysis, therefore, we cannot avoid the conclusion that what happens in Chile will depend to a large extent on one man, Salvador Allende.* This is owing partly to his position as President holding office for a six-year term and wielding broad executive powers under the Chilean constitution, partly to his special (though different) relationships to the Socialist and Communist parties, and partly to his being the only political leader on the Left with genuine mass appeal.

It often happens that the political analysis of the Right is at least as revealing of the actual situation as that of the Left, and I think Chile today provides a good case in point. In its issue of September 1971, the conservative magazine *Portada* published an editorial under the title "What Kind of Socialism?" which, if one knows how to interpret its ideological language, poses the real issues and alternatives with exemplary clarity. It starts with the postulation of what it calls "a distinct phenomenon," i.e.,

> the exhaustion of the first phase of the revolutionary process which began on September 4, 1970, and the entrance of the same process into a new and decisive phase in which, whether he likes it or not, the President of the Republic—putting aside other alterna-

* I say this without any intent to suggest that, apart from the specifics of the Chilean case, this is a unique or even an unusual situation. On the contrary, one can say that it has been characteristic of the revolutions of the twentieth century that one man has played a crucial role, in the sense that if he had been eliminated or had acted differently, the course of events could have been fundamentally different.

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tives, *unimaginable at this moment*—will have to choose between a Marxist socialism anonymously managed by the "Central Committees," and a democratic socialism (the hated "social democracy" of the ultra-Left) guided by presidential authority.

In the language of the Right, of course, "Marxist socialism" means real socialism, a genuine transformation of the socio-economic system; while "democratic socialism" means reformism within the framework of the present system. *Portada* thus sees the situation in the same terms as the left Socialist Hector Benavides, though their evaluations are naturally exactly opposite. The next question then is what are the forces and attitudes within the government camp which will be brought to bear on the President. Here *Portada* argues, correctly in my judgment, that the formation of the new left radical and left Christian groups mentioned above, while increasing the electoral and parliamentary support of the government, actually expands and strengthens the anti-Marxist element in the governing coalition. Taking this into account, *Portada* reaches the conclusion, also probably correct, that "a very strong sector, nearly or actually a majority, of Chileans *do not want* society to be organized in a Marxist mold."

The editors then proceed as follows:

> What will the Socialists and Communists do? Postpone their ideals? Defer indefinitely the paradise of Marx and Lenin?
>
> This could be expected of the CP. Its infinite patience which has raised it to the threshold of total power would certainly permit it to mark time in its present positions, maintaining them and even retreating a bit, until the moment comes for the decisive push. This is perhaps its real position at present, as would be indicated by the resumption of its polemic with the MIR, broken off since September.
>
> But the Socialists and their ultra-left associates do not share such patience. The scheme for "colonizing" the Radical Party and the MAPU having failed, and with the position of the non-Marxists strengthened both inside and outside the UP, the SP and the MIR are going to conjure up the specter which they most fear and detest: reformism, social democracy, the bourgeoisie which makes concessions and retreats to another line of defense but without giving up the center of its power.
>
> The old thesis of the MIR will be revived and we shall hear again the ironic questions which used to be asked before Septem-

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ber 4: Is there such a thing as revolution by ballot? With a bourgeois press? With "class" justice? With a "Pentagonized" army? The vote or the gun? And the answer is obvious: free elections, periodic and secret; free press; impartial justice and a professional army are incompatible with the dictatorship, supposedly proletarian, which Marxism-Leninism aspires to impose.

The probable economic crisis is another factor that agitates the socialist hotheads. A derangement of production—almost inseparable from a change in economic regimes—will inflict so many material miseries on the people that it will necessitate a tight-reined government to contain the discontent. "Either we take *total* power," the Socialists will whisper into the ear of the President, "or we shall have *no* power."

As on many other occasions in our history, it will fall to the lot of the President to resolve the dilemma. The whole thrust of the UP has always been to minimize the office of the President and to tie the person who occupies it with the firm chains of party commitments. This is certainly an old Marxist, and especially Communist, strategy: secret and impersonal government of the "presidiums" and "central committees," instinctive distrust of strong personalities. But there is also the old hatred of the *frondes* and oligarchies—whether they be from the aristocracy, the trade unions, or economic or political clans—directed at the President of the Republic, symbol of national unity and equable government, standing above faction and arbitrating social differences.

No candidate has come to office so bound by the parties which supported him as Allende. The very program of the UP passionately attacked presidentialism. But, as usual, facts have been stronger than ideologies. The power conferred by the constitution on the Chief of State, the traditional authority of the office, the popularity of Allende which is not only personal but derives in large measure from the mythological prestige of the presidency—all have brought it about that the holder of the office, like those who have preceded him, has become in his own right a political force at least as powerful as the UP. To state this simple and evident fact drives the Socialists and Communists to a veritable paroxysm of fury and gives rise to the accusation that one is trying to "separate" the President from the people and from the UP. But paroxysms of fury do not alter the realities of life.

It is, then, Allende who will decide—at least in the first instance—if we are going to travel the bad, but tolerable and amendable, road of social democracy, or if we are going to enter the nightmare of Marxism-Leninism from which there is no return. It is difficult to predict his decision. Toward the latter alternative he is pushed by his convictions (has he not said on

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occasion that he would hang his bourgeois friends, but "with a rope of silk and to the music of Wagner"?) and by the wild men of the ultra-Left. To the former he is pushed by his historic responsibility, his democratic tradition, and the vision of the grave suffering which would be inflicted on the country as the "social cost" of Marxism-Leninism. Circumstances place many public men in a position to do *what they wish*, but only those pass into history who do what they really ought to do.

I quote this *Portada* editorial at such length partly because it affords an excellent insight into the ideological style of the Chilean Right—the lofty espousal of the abstract ideals of democracy, freedom, equity; the implied worship of historical continuity; the apparent concern for the welfare of the "people" and the "country" without even a hint of interest in the actual situation of the vast majority made up of workers, peasants, and others struggling to keep alive without adequate employment, income, or shelter. But even more important in the present context is the confirmation which the editorial brings to the analysis presented above. The Chilean bourgeoisie recognizes that the present situation is one in which it must make concessions and be prepared to retreat in order to hold on to the substance of its power; it is willing to accept, however grudgingly, reformism of the social democratic variety, judging it to be "tolerable and amendable"; it sees Marxism-Leninism, of which the chief protagonists are the left Socialists and the MIR, as the ultimate disaster from which there can be no return; and it places the responsibility of decision, "at least in the first instance," squarely on the shoulders of Allende.

What does this qualifying phrase "at least in the first instance" mean? As I interpret it, it means a greal deal. What the editors of *Portada* are saying, I believe, is that the Chilean bourgeoisie is prepared to let Allende make the decision for social democratic reformism: if he does, his decision will stand. But if he decides for Marxism-Leninism, i.e., for real socialism, then he will be abdicating his historic responsibility and it will be up to some one else to step in and make the decision for him. Given the situation in Chile today, this "some one" can only be the army.

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Does Allende himself understand matters in this way? I think it likely. He is certainly fully aware of, and highly sensitive to, the army's potential political role. His strategy for preventing hostile military intervention has been to get the army on his side. As reported by James Petras:

> Under the Allende government, the social and economic position of the army and of the national police force has improved; the government has paid close attention, and given ample publicity, to military services and ceremonies, thus increasing military prestige. Socio-economic benefits have also been increased. Communication and consultation between the President and the military have increased. More important, the UP government has involved military officials in a variety of socio-economic projects, with the result that the military are becoming directly committed to the development program of the UP. The process of mutual interchange of ideas between socialist developmentalists and military engineers could lead to a consensus regarding broad problems and solutions. (MR, October 1971, p. 66)

We must keep in mind that the UP program is not a socialist program but only a program designed to set the stage for the construction of socialism. It envisages not the end of capitalism but only "the end of the power of national and foreign monopolistic capital and latifundism,"* a goal which is probably acceptable to a large part of the officer corps. (This view is supported by what has happened in Peru, where the military has taken the initiative in developing and implementing a program with very similar stated goals.**) At the same time it is unlikely, not to say inconceivable, that any influential sector of the Chilean military would go along with a really revolutionary program. But what this means is that by seeking to ally himself to the military, Allende has already made his decision. In *Portada's* terminology it is for social democracy, in that of Hector Benavides it is for consolidation.

If our earlier analysis is correct, however, this is a decision

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* See "Peaceful Transition to Socialism?", Review of the Month, MR (January 1971), p. 1.

** For details, see Aníbal Quijano, "Nationalism and Capitalism in Peru: A Study in Neo-Imperialism," MR (July-August 1971), also available as a Monthly Review Press book.

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which cannot be made to stick: the state of affairs which it envisages is inherently unstable and transitory. The real question therefore is not what Allende, or anyone else, *wants* to happen, but rather how the class struggle develops in practice and how Allende, the political parties, the military, and above all the popular masses react to concrete situations, the configuration and timing of which no one can now foresee.

(December 6, 1971)

[General] Torres's "revolutionary nationalism" fed certain illusions on the Left, inasmuch as his government appeared to represent a period of transition toward socialism. The army of National Liberation does not deny the positive measures taken, such as the nationalization of Gulf Oil. . . . But just as the ELN recognized . . . the positive aspects of that vaguely defined populism, it constantly alerted the people to the dangers that accompanied vacillation; to the need to continue exposing the limited character of the process. . . . We warned that reformism was the major impediment within the bosom of the labor movement, insofar as it tended to demobilize and relax popular vigilance . . . and keep the prospect of proletarian power at a distance. What was reformism's answer to our proposals . . .? We were accused of provocation, extremism, and militarism. Some academics smiled at our simplemindedness in proposing military endeavors. They threw all their efforts into co-participation, believing that thus they would gain a measure of power, and that political power was won through administrative "power." It is the duty of a revolutionary to prepare himself and the people for armed struggle, for inevitably . . . this stage will have to be passed through in order to win power. . . .

—Staff headquarters, Army
of National Liberation of Bolivia

Every social system thinks itself eternal until history sets it straight. Throughout history, every social system that has been attacked has defended itself and has defended itself with violence. No social system has dissolved itself of its own free will. No social system has resigned in favor of the revolutionaries.

—Fidel Castro's final speech in Santiago,
Chile, December 1971

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THE MONETARY CRISIS OF WORLD CAPITALISM

BY JACOB MORRIS

The formal suspension by the Nixon administration of gold convertibility of dollar balances owned by foreign central banks confirms the demise of the international monetary system of the capitalist world—a system which was set up in 1944 at the Bretton Woods conference. This system has been a long time dying. Nevertheless, the obituary notice came as a big shock because it was accompanied by the sudden appearance of a new phenomenon—the floating dollar. It is now floating not far below the surface of its former parity with foreign currencies. What keeps it from sinking much further is the continuous heavy buying of dollars by foreign central banks (with their own currencies).

Cheaper dollars favor U.S. exports and inhibit foreign exports and U.S. imports. A currency tug-of-war is, inevitably, a trade tug-of-war. The present situation is widely recognized as one of dangerous instability. Grim reminders of the decade of the 1930s, with its shrinking international trade and declining levels of world production and employment, now stand vividly before men's eyes. The U.S. government has already fired some additional heavy artillery, in the forms of a special 10 percent import tax and Buy-American investment tax credits, at the heads of its most loyal allies—Japan, West Germany, and Canada. Other nations are less affected, although all are severely distressed at this sudden U.S. action in violation of all existing trade treaties and understandings.

Many people are surprised that trade balances (excess of

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exports over imports, or the reverse), which are quite small in size relative to massive national production totals, are made so much of by the world trade experts. The reason the experts are right is that these are not just passive balances. They have more of the character of active forces, and small but strategically positioned forces often produce very big changes, as all students of the science of mechanics know.

The now defunct Bretton Woods system, which Milton Gilbert of the Bank for International Settlements has appropriately called a "gold-dollar system," was based on the use of either gold bullion or paper dollars "good as gold" as international reserve money, i.e., as the final settlement money for covering trade balances and settling international debts. Starting around 1960, the suspicion began to grow among foreign central bankers and other money-wise people that the credit of the United States was becoming impaired and that thirty-five paper dollars were not really as good as an ounce of gold. Suspicions grew that ultimately one would have to accept much less than an ounce of gold for thirty-five paper dollars. Many foreign central banks stepped up the pace at which they cashed in dollar assets for gold. The rule for those who dared to incur the displeasure of the American government was to get it while the getting was good. In March 1968, the getting stopped, with minor exceptions, after a good deal of behind-the-scenes diplomatic arm-twisting backed up by threats of a formal U.S. suspension of gold payments.

The more obvious it became that the dollar (the touchstone of the U.S. government's international credit standing) was no longer as good as gold, the more elaborate became U.S. government pretensions, solemnly acquiesced in by its governmental friends abroad, that the dollar was just as good as ever—in fact, much better than gold. A flood of official propaganda was let loose on the world which proclaimed that the time had come at long last for the demonetization of gold and for its demotion to the lowly category of "ordinary" commodity. While all governments held on to their hoards of gold bullion for dear life, economists of weighty reputation proclaimed the incredible nonsense that the millennium was at hand and that a rational paper standard for international reserves could now

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be created to replace totally the irrational vestiges of the atavistic gold standard.

In furtherance of this thesis, the monetary wizards of the U.S. government and its more subservient allies proceeded to weave out of thin air a new monetary garment to cover up the American emperor's growing nakedness. The first layer of this airy garment, carrying an equally airy $3.5 billion price tag, was draped about the body of the nearly naked emperor in January 1970. The official name of the garment is Special Drawing Rights of the International Monetary Fund (SDRs), popularly known as "paper gold." We shall examine paper gold further, in due course.

Despite all the desperate maneuvers and disguises, widespread and massive speculative selling of dollars for foreign currencies broke out in the midsummer of 1971. Dollar holdings and claims of foreign central banks swelled to the $60-billion level, and the U.S. government, down to its last $10 billion in gold reserves, threw in the sponge and declared itself bankrupt. The current crisis has been a long time developing, and there are many new and unpredictable events in the process of maturing which will shape the further evolution of the crisis, its culmination, and its resolution.

In our view the monetary crisis is the result of three broad, interrelated causes, as follows:

(1) The forcible imposition on world capitalism of a special "made in America" brand of world deficit financing of a substantial part of the costs of American imperialist expansion—economic, financial, political, and military. The resistance that this produced, especially to the involuntary financing of American capital exports, hastened the development of the crisis. (Among other things, U.S. government and U.S. banking system credit was made available to U.S.-based multinational corporations to buy up big chunks of foreign industry. In exchange for their lost industry, foreign governments wound up with big piles of U.S. government IOUs.)

(2) The world-wide price inflation affecting all capitalist countries, which arises from the common economic strategy followed by all capitalist governments. This strategy requires endless stimulation of the moribund monopoly capitalist system by

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ever stronger injections of monetary and fiscal anti-depressant drugs.

(3) The arrogant determination of the U.S. government to demonetize gold and make the paper dollar (in part disguised as the new-fangled SDRs) the unchallenged autocrat of world trade and finance. To some small degree, at least, this determination stems from sheer theoretical confusion about the nature of money.

It is necessary for us to deal with the issue of theoretical confusion first because, without theoretical clarity, it is impossible to understand several technical aspects of the crisis and to size up its probable course of development. As our standard of theoretical clarity, we will adopt the analysis of money made by Marx in the first part of *Capital.* Closely connected with the theoretical issue is our judgment that the current monetary crisis will not reach its peak until the price of gold in paper dollars breaks through all the barriers that have been set up to depress it artificially. We think it likely that this will occur in connection with a crisis in the so-called Eurodollar market which will be discussed presently.

We hear on all sides that for gold to have social power is irrational, atavistic, fetishistic. We agree to this extent: the social power of gold *is* fetishistic. The point, however, is that all material things which have value have a social power which may properly be termed fetishistic. Take a fat bundle of U.S. paper currency. If it's in your pocket, you have the power; if it's in mine, I have the power. The social power of this bundle of paper attaches to its material substance and goes with it wherever it goes. If the chief of a primitive tribe has possession of the tribal fetish, he has social power; his people will follow his leadership as long as he possesses the fetish. If a rival wrests the fetish from him, the old leader loses his social power and the successful rival acquires it. Whenever social power attaches to a material object, that power may properly be termed a fetishistic power.

Gold has social power in commodity production systems in the fetishistic form of value. But the money value, or purchasing power, of wheat or any other commodity has the same kind of fetishistic social power. In the commodity production

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system, the social relations of people as producers take on the appearance form of a fetishistic value relationship among products that the people have created. Value is a labor-based social relation which is fetishistically attached to material things. This is the meaning of Marx's doctrine of the fetishism of commodity production.

Paper money has value, or purchasing power, because governments have command over human labor and can force people to accept that paper in compensation for the products of their labor. The social power of money, whether it is gold money or paper money, arises from its foundation in human labor. Within the boundaries of a sovereign nation, the official national paper currency is the basic money, i.e., the ultimate universal equivalent, store of value, and legal tender for the settlement of debt and payment of taxes. But in the world market, where there is no sovereign world government, only a material commodity which is the product of human labor can discharge the functions of basic money. Paper money can be repudiated by national governments, especially the paper money which is owned by foreigners. If not repudiated, it can be depreciated by inflation. It must never be forgotten that it takes a thousand times as much labor to produce a thousand ounces of gold as it does to produce one ounce of gold, but that it takes only an iota more of labor to print the number 1,000 on a piece of paper than it does to print the number 1. This is one of the main keys to understanding the mysteries of money.*

In the course of the historical development of commodity production, the commodity in common use which was selected by spontaneous and unconscious social action to be the money-commodity was gold. It was so selected because its physical properties—its durability, compactness, homogeneity, malleability,

* The other keys are the Marxian doctrine of fetishism and the Marxian analysis of the forms of exchange value in which there is developed a balanced synthesis of the roles of the relative value and universal equivalent forms. Marx long ago pointed out the tendency of the free-trade school to overemphasize relative value. Thus, current controversy rages over the question of the relative values of national currencies, whereas the real problem is the impairment of the U.S. dollar as universal equivalent of the capitalist world market.

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divisibility, and fusability—made it the commodity best suited for the social role of universal equivalent and store of value. In the commodity-production system of the stateless capitalist world market, there is no substitute for gold except a particular national paper currency which everyone believes to be as "good as gold." But no piece of paper can be as good as gold unless the issuing nation is fully "credit-worthy" and stands ready, at all times, to redeem its paper for gold on demand, at least on the demand of other national governments.

At this point we are ready to consider the validity as international reserve money of "paper gold," the SDRs of the IMF, referred to briefly above. In essence these are paper (or book credit) tokens issued by the IMF, in exchange for national paper currencies, which all its nation members agree to treat as a store of value equal to a specified store of gold-value. The amounts of SDRs, which can be issued by the International Monetary Fund, from time to time, are governed by complicated technical rules and voting arrangements. The amounts issued are proportioned among the members in accordance with their pre-established IMF quotas so that the United States always gets a much larger share of a new issue than any other nation. In addition, it can always pressure the other members of the IMF to vote with it for a big new issue of SDRs.

However, SDRs can't be run off on the printing press, or created via the book credit route, quite as easily as can U.S. paper dollars or bank deposit money. The SDR system does give other capitalist nations the leverage for some small amount of counter-pressure against the financial abuse of its credit powers by American imperialism. They may, on occasion, gang up on the United States and refuse to vote for a new issue of SDRs, or demand settlement of U.S. indebtedness to them by transfer of SDRs out of the U.S.-held SDR reserve. Of course, if they get too rough, the United States can suspend paper gold payments just as readily as it suspended real gold payments last August. In fact, the U.S. government can suspend paper gold payments even more readily, since the whole SDR system is pretty much an elaborate hoax anyway. SDRs are surrogates for national paper currencies; they are created by the same unlaborious

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printing press or book credit methods, and they may be expected to depreciate in value at the same inglorious rates as their national currency components.

If the IMF could deal with all of its member nations as the U.S. government can deal with all of its citizens, i.e., force compliance on all, the SDRs could work well, as planned. But the member nations of the IMF have violated the IMF rules, from time to time, with impunity. The most flagrant recent violator has been the U.S. government. The IMF depends on voluntary cooperation and the vain hope that the U.S. will practice self-restraint so as to preserve its international credit rating. Unfortunately it takes a lot more than wishful thinking to give pieces of IMF paper the fetishistic social power of gold bullion. Now if the IMF were sitting on a $50 billion gold hoard (instead of its puny $4 billion hoard) and had the kind of independent possession of it that an atomically-weaponed sovereign government would have, it could issue a hundred billion or so of paper units and legitimately designate them as paper gold, or gold certificates, which could pass for the real article. The rules of the game would, of course, have to stipulate that the gold certificates be redeemable on demand for the real stuff.

The conditions for a world paper gold reserve system do not yet exist and probably never will exist—at least not in the capitalist world as a whole, with its endless inner tensions and rivalries. But it is conceivable that a unified money system, utilizing gold certificates as area reserve money, could be constructed in a common market area like that of Western Europe, or in a hypothetical common market area like Southeast Asia plus Japan. The essential requirements would be the area's possession of a relatively big stock of real gold bullion and the hegemony of a strong industrial nation inside the area with a well-developed banking system and money market to provide credit facilities and flexibility in times of inner stress. Some such regional arrangements may well emerge as the eventual solution of the current crisis. Obviously such a solution implies a major redistribution of financial, economic, and political power in the capitalist world. But that, in a nutshell, is what the current crisis is all about. It is a symptom of an already emerging redistribution of power.

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While the monetary unification of a region like Western Europe or maritime East Asia would enormously strengthen the region against the multifaceted imperialist penetration of the United States, new imperialist rivalries and tensions would soon sprout within the unified region. The unity of a region would depend on the hegemony of the strongest industrial nation in it, e.g., West Germany or Japan; and for the benefits of this hegemony the weaker nations would have to pay a price in the form of a subordination of their interests to those of the dominant nation. In short, regional monetary unification contains the seeds of a revival of German and Japanese imperialism.

Why is there any need, as we have implied, for a big increase in world gold production and in central bank gold bullion reserves? When, in 1934, the United States raised the price of gold from $20 an ounce to $35, it did indeed produce a very sharp increase in world gold production. In addition, all the private gold hoarders began to dishoard their gold. Thus central bank gold reserves increased very materially, and the physical volume of gold bullion held at Fort Knox tripled by the end of the decade. Yet all this had little, if any, effect on world price levels and, more importantly, no apparent effect in reviving world trade and production. This proves that increasing gold production and stockpiling is not a *sufficient* condition for reviving a depressed production and trade situation. It is only a *necessary* condition, and one of many at that. Another necessary condition is the existence of a favorable international political climate. If Hitler, Mussolini, and Tojo were still around, as in 1934, all the gold production in the world could not prevent a contraction of world trade.

The case for increasing gold reserves, as a necessary condition for the maintenance and expansion of capitalist world market trade and production, has been thoroughly developed in Milton Gilbert's paper on "The Gold-Dollar System" (Princeton, 1968: *Essays on International Finance,* no. 70). The essential argument is simple, and we will present it in a form in which it can be found in the pages of Marx's *Capital.* The basic formula for capitalist circulation is M—C—M^1 (money—commodities—money). M^1 must be greater than M because C, which here represents capitalist commodity production, involves

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the creation of surplus value. If capitalist production and sales for the world market, taken as a global total, are to increase, then one or more of three things must happen to provide for the expansion of M to M^1. There must come about an increase in money stock or an increase in the velocity of money circulation (or both) or an expansion of the credit superstructure built up on the money base (or all three). But in the absence of a powerful world government with well developed world financial institutions, the scope for the second or third alternatives is quite limited. The need for an increase in basic money stocks must somehow or other be met to prevent a downturn in world production and trade. And if prices are rising rapidly because the whole capitalist world is pursuing inflationary strategies, then the need for increased basic money stocks becomes overwhelming.

Now, as we have shown, in the absence of effective world government, the basic reserve money of the capitalist world market must be gold bullion. Why, then, hasn't it become apparent to the money wizards of the capitalist world that they should take the necessary steps to raise world gold production, encourage dishoarding of private gold hoards, and build up government financial reserve stocks of gold bullion?

Gold, at present paper money prices, is grossly undervalued. This is shown by the following facts. World gold production (outside the Soviet Union) has leveled off as costs of production, reckoned in paper money, continue to increase in an inflationary environment. All new gold production is being absorbed by industrial uses and private hoarding. The Soviet Union has stopped making gold sales to the capitalist world market. Despite the massive U.S. propaganda about the approaching demonetization of gold and about IMF paper gold as the wave of the future, etc., which really worries the hell out of the superstitious gold-hoarders and speculators, the free market price for gold bullion stays at about 20 percent above the fixed U.S. government price of $35 an ounce. Central banks and private hoarders hold tight to their hoards even though they could make 7 percent or 8 percent interest a year on their money by selling gold for paper money (or bank money) and investing the proceeds in securities of one kind or another.

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The U.S. government has been most adamant in its determination to maintain the official mint price of gold at $35 and to prevent any significant increase in the free market price of gold (at this moment, about $42 an ounce). Despite the fact that the official degradation of gold to the status of "ordinary" commodity has been proclaimed, the U.S. government will not permit its own citizens to buy or own this "ordinary" commodity. If they did, the free market price of gold bullion would no doubt rise very materially and expose the extent of the depreciation of the American dollar in a highly dramatic, and politically very damaging, way. Some enterprising book publisher might then even bring out a cheap reprint of David Ricardo's first essay in political economy: "The High Price of Bullion, a Proof of the Depreciation of Bank Notes." One can imagine what new damage to the prestige, credit, and credibility of the American government would occur if that one became a bestseller.

The U.S. government, quite evidently, is still under the illusion that it is sufficiently the master of the capitalist world to make this world operate on a paper-dollar standard, or on this standard in the disguised form of IMF paper gold (SDRs) whose issue, in the last analysis, would be under American control. In short, it is U.S. imperialist ambition and arrogance which is the real reason for its downward pressure on the gold price. But it is also true that the American government officials do not realize how potentially destructive their gold price policy is. They really appear to believe that the gold price is a matter of relatively minor importance. This belief is reinforced by the age-old theoretical confusions about money which still grip the minds of the academic community no less than those of practical bankers, businessmen, and government officials.

When the rest of the capitalist world still looked on the U.S. dollar as being as good as gold, or were afraid to say it wasn't, the United States was able to finance capital exports and overseas military expenditures, which were much larger in dollar value than the U.S. export surplus plus investment earnings abroad, by the simple device of manufacturing U.S. paper dollars and bank deposits out of thin air. But the export surplus has disappeared and has turned into a deficit. Earnings from

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American foreign investments, while still increasing, are threatened from a dozen different sides. The outside capitalist world is almost drowning in a sea of short-term U.S. government IOUs which are subject to the hazard of a big depreciation.

And now there has come into being a new proliferating monstrosity, whose virile progenitors are those same U.S. government IOUs just mentioned. We refer to the so-called Eurodollar money market, which is not under the supervision or control of any government. No one has any accurate idea of how large this market is; the experts guess that the bank-dominated part of it is in the $60-billion range. This market, like all money markets, has a dual aspect. On the one side, the bank part consists of the estimated $60 billion in the form of interest-paying dollar demand and time deposits in European and other foreign banks. Interest paid on these is said to range up to 8 percent. On the other side are the offsetting assets of those banks in the form of interest-bearing IOUs repayable in dollars. In the shadows are large amounts of other types of Eurodollar assets and liabilities, commercial paper, book credits, and the like.

Some of the dollar assets are in the form of U.S. government IOUs (notes and bills) and other so-called high quality U.S. paper. But a great deal of those Eurodollar bank assets are believed to be "second generation" assets consisting of high-risk bank loans made at very high interest rates to God knows whom. U.S. multinational conglomerates are believed to be well represented on both sides of the market, especially on the IOU side. The danger is that some big borrower or big complex of borrowers in the Eurodollar market will default on its loans. To make things worse, this could happen just when some big Eurodollar depositors have decided to withdraw funds on a large scale. The situation is reminiscent of the circumstances surrounding the collapse of the Credit Anstalt Bank in Austria in 1931 which triggered off the world financial crisis of the 1930s.

If it should come to pass that one day some important foreign government with low gold reserves—Japan is the one that comes to mind first—should decide to risk the displeasure of the U.S. government and start buying gold in the free market (or perhaps from the Soviet Union?) and the word gets

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out, world-wide speculation in the free gold bullion markets will spread like wildfire. Heading the speculative pack will be the money-wise operators in the uncontrolled Eurodollar market. One or more European banks faced with depositors' demand for funds on the one hand and some big uncollectable IOUs on the other hand may go to the wall. This is but one of the sets of circumstances which could trigger off a widespread collapse of the Eurodollar money market and generate a new world-wide financial crisis. There are many other conceivable permutations and combinations of the elements of potential financial disaster.

At the bottom of the world monetary crisis there is a profound contradiction. The American world imperialist position has been greatly weakened in a dozen different ways, but the American government does not recognize this and will not draw the appropriate consequences. More correctly, they seem to be incapable of drawing the consequences, as one can see so clearly in connection with their Vietnam policy. The American government has the same arrogant illusions about monetary and trade problems that it has about its power in Vietnam. By not facing up to reality, it forces reality to crash down on it like a collapsing building.

In our opinion the world monetary crisis is still far from its culmination. It will not end in a restoration of the status quo ante. A redistribution of economic and political power within the capitalist world is in process. This is already also changing the relations between the capitalist nations and the socialist nations. It will, most probably, change the relations of the socialist nations among themselves. As the saying goes, it looks like a whole new ball game.

The monetary system is essentially Catholic, the credit system essentially Protestant. "The Scotch hate gold." In the form of paper the monetary existence of commodities has only a social life. It is Faith that makes blessed. Faith in money-value as the immanent spirit of commodities, faith in the prevailing mode of production and its predestined order, faith in the individual agents of production as mere personification of self-expanding capital. But the credit system does not emancipate itself from the basis of the monetary system any more than Protestantism emancipates itself from the foundations of Catholicism.

—Marx, *Capital,* Kerr ed., Vol. III, p. 696

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REVOLUTION IN AMERICA?

BY GILBERT MERKX

At various times in the history of complex societies, established social orders are challenged by growing discontent and the ferment of new ideas. Unthinkable thoughts become tenable. Sacred institutions are profaned. The very nature of the moral order comes under attack. Old ways of thinking, talking, and doing things are threatened by new forms of consciousness.

American society has entered such a cultural crisis. There is a great deal of confusion about what is taking place, and little understanding of why the old order is breaking down. But the conflict is felt everywhere. It affects every area of institutional life and all types of intellectual activity.

Colleges and universities are one major battleground in this crisis. As the shape of higher education is contested, the modes of behavior of the public, trustees, faculties, students, and administrations break with old patterns. Each semester begins with a sense of uncertainty about what will happen. A similar struggle is under way in public school systems.

The legal system is challenged—a sure sign that the normative order is threatened. The fairness and worth of the courts are attacked, participants in trials refuse to honor accepted rules of decorum, lawyers argue about their proper roles, legal aid programs use the law to attack laws, and the Chief Justice complains that overloading threatens the judicial system.

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Challenge and conflict also exist within the professions. Formerly dull annual meetings of professional associations are rent by policy disputes and by the emergence of numerous caucuses: radical caucuses, black caucuses, Chicano caucuses, women's caucuses, job-seekers' caucuses, and so on. Anthropologists, sociologists, historians, economists, language teachers, architects: all have made newspaper headlines as a result of their internal divisions. Even the American Association for the Advancement of Science is torn by strife. The pattern of conflict is reproduced in every profession.

A sense of crisis is even more acute within the institutions engaged in delivery of human services. There is a spreading conviction within health professions that the entire medical system in this country is nearing collapse. A sense of impending disaster is even stronger inside welfare organizations, and welfare workers join their critics in calling for change. The protective solidarity of police forces does not conceal growing anger and bewilderment felt by policemen. Organized religion is characterized by angry theological debate and the defection of ministers and priests, as well as by declining membership and attendance.

Local governments are a focal point for much of the conflict. The plights of Newark, Cleveland, and New York are symptomatic of a general crisis of local government. The behavior of urban populations and municipal workers breaks old patterns. The purpose and nature of local government are called into question.

This questioning of existing structures also takes place in what is popularly called "culture," i.e., the expressive arts. Celebrated debates about the death of the novel and the decline of the short story signify the collapse of accepted literary forms. The breakdown of consensus over what constitutes good painting finds expression and parody in pop and post-pop art. Serious avant-garde music exhibits a dramatic flowering of technique and styles. Jazz is marked by such variety of development that baffled critics talk about "the new thing," which is not a thing at all, but a group of things. The same variety flourishes in rock music. The crisis of motion pictures is so great that the film industry, unable to predict which films and actors will

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sell, has opened itself to experimentation unequalled since the early days of cinema.

The list of areas in which cultural crisis is manifest could easily be expanded. The negative implications of the word "crisis" can be challenged, since what is seen by proponents of old structures as "crisis" may be seen by the advocates of change as "opportunity" or "life." But terminology aside, one point should be clear: the challenge to the old forms is general. It is felt throughout the intellectual superstructure, even though it is experienced differently in different areas of institutional life. Priests may talk about the crisis of the church, mayors about the crisis of the city, and professors about the crisis of the university. But we do not face many little crises: we face one big crisis with many aspects.

A number of writers have already won fame by announcing this to be a crisis of consciousness. They fall into two groups, which might be labeled the negative and positive Hegelians. The culture hero of the negative Hegelians is Herbert Marcuse, who tells us that things are bad and getting worse. A new culture hero for positive Hegelians is Charles Reich of *The Greening of America,* who argues that things are good and getting better.

Such thinkers do a service by focusing attention upon problems of consciousness. Their popularity attests to the fact that they write about something which people feel. Yet their assessments of what is happening vary enormously, because their sweeping generalizations about industrial society are based upon cultural observations rather than upon empirical analysis of the actual workings of modern society. They locate the cause of change in the emergence of the new thought patterns, rather than in the lives of people who think.

The fact is that the new forms of consciousness result from changes in the life situation of large groups of people. These changes began with the Great Depression and the Second World War. Their greatest impact came in the fifties and sixties. Together, they constitute a major alteration in the class structure. The economic causes of this alteration have been outlined by writers such as Galbraith, Mandel, Baran, and Sweezy. These men argue, from differing perspectives, that American

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capitalism has entered a phase in which its chief features are quite different from those of early capitalism. They point to the stimulation of demand through advertising and defense spending, the expansion of vast corporate agglomerations through internal growth and merger, and altered patterns of employment and production as the technological changes required by more sophisticated products lead to increasing computerization, automation, and scientific expertise.

For purposes of our present analysis, we are less concerned with the source of economic change than with its social impact. It is helpful to remember that during the first flush of triumphant capitalism after the Civil War, known as the Progressive Era, the dominant forms of American consciousness were established. Those years were marked by a rapid growth of the urban middle and working classes, the proliferation of small farmers across the Western states, and rapid absorption into the labor market of all the people produced by large families and massive immigration. The nature of our present basic social institutions was established during that period: the two-party system as we know it, state universities, churches, professions, universal public education, modern city government, and so on. Participation in this emergent system rested upon belief that if one accepted its values and rules, one could expect a better life for oneself and one's children. Whether or not this was true in the individual case, it reflected a general growth of prosperity and employment. One did not need an education to find a job. During 1916, fully 90 percent of sixteen-year-old men were already full-time workers. Farmers were still on their farms, laborers were still working, and women were burdened with large families and unmechanized household drudgery.

Turning to the increasingly automated economy of the years since the Second World War, we find a very different picture. During the Progressive Era the economy was *incorporating* new population groups, but over the last three decades the economy has been *expelling* population groups. At the same time, it is demanding greater efficiency and human skills. This has three related kinds of social impact: (1) More people lose their livelihood as older activities become economically marginal. (2) Fewer can get work if they lack skills. (3) More

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people stay in the educational system to acquire the new skills. At the same time, the overall surplus produced in the system is enough for unemployed, underemployed, or student populations to be supported at a level above subsistence, though not with much dignity. Coincidentally, the wartime and postwar baby booms have begun to result in unprecedented increases in the size of the labor force. Of course, none of these trends or tendencies is really new; all reach far back into the history of capitalism. But, taken together with the growth of monopoly and the destructive forces of stagnation it has engendered, they have created a qualitatively new situation.

The impact upon the class structure has been dramatic. The farm population, which constitutes the largest economic group in almost every society, has been virtually wiped out by advancing agricultural technology. In 1970 less than 4 percent of the population were living on farms, less than half the proportion of only ten years earlier. The replacement of subsistence and marginal farmers by agro-business was directly responsible for massive population shifts. Given the history of American agriculture, it happens that the blacks, Mexican-Americans, and Puerto Ricans were deeply affected. At the same time, blue-collar employment in traditional industries has not kept pace with population growth, and membership in labor unions has actually declined slightly. The size of middle-income groups, usually loosely referred to as the "middle class," has increased, however, along with the growth of economically marginal populations. Like the displaced rural groups, the "middle class" has been geographically mobile, leaving the central cities for surrounding suburbs. This movement into the suburbs has played a key role in stimulating the so-called consumer "revolution," for suburban housing units and shopping patterns are built around automobiles and modern devices for household labor-saving. Such appliances, in conjunction with recent reductions in the number of children born per family, in turn have drastically altered the situation of housewives.

A further feature of the changing class structure is its impact upon youth. Not only do the majority of young people now graduate from high school, but in 1969, 60 percent of

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high-school graduates entered an institution of higher education. By 1970 there were over 15 million students in high school and over 8 million in colleges. In 1970, college students for the first time outnumbered the entire farm population (including women and children). There has been an expansion in length of education as well as in sheer numbers, shown by the fact that well over one million of the university students were between the ages of twenty-five and thirty-four. In short, over the last thirty years young Americans increasingly have been held off the labor market by the educational system.

The last three decades have therefore produced somewhat paradoxical effects. The expansion of defense and consumer goods industries has led to a very real improvement in the lot of the "middle class," the upper class, and segments of organized labor. At the same time it has reduced involvement in economic production on the part of large elements of the population by eliminating their jobs and discarding their limited skills or by keeping them in schools. I would like to suggest the term "structural alienation" to refer to the condition of groups no longer involved in economic production, or in other words, those who don't have jobs. The term "structure" is used for two reasons: to emphasize that we are referring to a social condition, not a state of mind, and to point out that the causes of the condition lie not in individual choices but in overall changes in the social order.

The main premise of this paper is that every new form of consciousness that has emerged is founded upon and articulates the structural alienation of a social group. This causality is obscured, however, by the fact that the new forms of consciousness seldom are based upon analysis of the class situation. Alterations of the class structure have not produced class consciousness, but instead other forms of consciousness which can loosely be called ethnic.* The reason for this is that the development of structural alienation has followed the lines of

* The term "ethnic" is used to underscore the connection between the new forms of consciousness and feelings of shared group identity. This usage is not fully satisfactory, however, since the term "ethnic" has usually been applied to nationality groups or racial groups. Hopefully a better term will eventually be suggested.

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racial, sexual, and age-group differentiation. That this should be so follows from the nature of the previous class structure.

Before the Second World War the black population was predominantly rural and Southern. Blacks were mostly sharecroppers, tenant farmers, or marginal independent farmers. They literally worked from dawn to dusk, and were fully occupied with the business of bare survival. Then the mechanization of cotton and the evolution of the market forced blacks off their land. Today American blacks are largely Northern and urban. They are still predominantly poor, and now many are on welfare. They are less isolated from each other and from the conspicuous consumption of better-off whites.

Before the war precisely the same was true of Puerto Ricans, Mexican-Americans or Chicanos, and Indians or Native Americans. Puerto Ricans were subsistence farmers and cane cutters, Chicanos were subsistence farmers and sheepherders, and Native Americans were farmers, herders, or on reservation doles. Today the majority of Puerto Ricans and Chicanos, and a substantial proportion of Native Americans live in urban slums. The *Puertorriqueños* and Chicanos have lost their land, and the Indians have been forced off their reservations by overpopulation and resettlement programs.

It is true that not all people who lost their land were members of minority groups. But the impact on whites was different. When one has an occupation, one can be defined by it, and say, for example, "I am a farmer." It is less easy to be defined by an occupation one has lost. An ex-farmer who is white merges into the population of white urban unemployed. An ex-farmer who is black, Chicano, or Indian is likely to move to the city and discover that he is a black man, a Chicano, or an Indian. The white ex-farmer loses his social identity, the other groups are likely to gain a new identity. This is particularly true when they are marked by language differences that suddenly become salient in an urban environment where proper social identification can be a life-or-death matter. Because the cultural and linguistic differences of blacks, Chicanos, Puerto Ricans, and Native Americans are emphasized by structural alienation, it is natural that their perceptions of exploitation, and their responses, are oriented on ethnic rather than class

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lines. This takes place even though the postwar economy can incorporate increasing numbers of minority-group people into a higher-income category at the same time that the general structural alienation of their groups is increasing. We actually have both increasing integration (for the few) and increasing segregation (for the many). In addition, each of these groups has an ethnically-based separatist tradition, although the existence of such traditions does not explain their re-emergent popularity in the 1960s. For that we must focus upon the changed life situations of people who have left back-breaking agricultural work for the frustrations of ghetto life.

This rise of ethnic consciousness has occurred among groups already distinguished from white America by culture and language. Even more remarkable has been the development of new forms of consciousness among groups without previously distinct cultures. The growth of a separate identity among white youth, referred to by Roszak as the "counter-culture," is a fascinating example of the process whereby structural alienation produces a new consciousness.

Before the Second World War one of the chief purposes of higher education in the United States was to provide future members of the business and professional classes with proper social skills and attitudes. Technical skills were a useful by-product, necessary for the petty-bourgeois few who became engineers or scientists. The true business of college was rating and dating, oriented around the Greek-letter fraternity-sorority system and big-time intercollegiate athletics. Professors reserved their interest for the chosen few who might become fellow academics, while campus life centered on social and quasi-political activities. These provided anticipatory socialization into the values making for business-world success. The key element in this transmission of system-values to students was the Greek-letter axis. Even though fraternity-sorority members made up only about a fifth of student bodies before the Second World War, they raked off top student leadership and set the tone of campuses.

Over the last three decades, this informal system of socialization has broken down. The eightfold increase in the postwar size of American universities outstripped the capacity of

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the Greek-letter system to expand. Even though more people belong to fraternities and sororities than ever before, in 1969 their membership had fallen to only 4 percent of the college population. As campus sizes increased from ten thousand to twenty thousand and beyond, the old popularity games became impossible. Meanwhile the size of classes increased, and it is probable that the quality of teaching deteriorated. By the end of the 1950s, millions of college and university students were sitting on campuses, doing nothing very rewarding but forced to finish their degrees in order to get jobs or enter graduate school in search of a trade.

The Beatles fell upon this situation like a spark on dry sawdust. Within only a year or two, campus after campus fell under the sway of the new music, the new drugs, the new morality. The big man on campus was no longer the coolest, but the farthest out; no longer the future executive, but the cultural rebel. Most students did not become immediate adherents of the new style, as most had not been in fraternities during the heyday of the Greek system, but there is no doubt that the style-setters had changed. The new youth culture then moved rapidly down into that other stronghold of educational idleness, the high-school system.

There is a remarkable fit between the major values of youth culture and the type of structural alienation produced by the lengthening and expansion of higher education. Like people on welfare, students are on a limited, relatively fixed income, and have a great deal of time on their hands. Their drugs are time-wasting drugs, rather than the mind-blanking drugs of employed groups seeking an escape from pressure. Having children is a burden, so sex becomes recreational rather than procreational. Without children, the concept of family becomes tenuous. Without families, one of the main reasons for structured sexual differentiation vanishes, and is reflected in the change of fashion styles. Long hair for men and pants for women become acceptable, because sex-typing is no longer the starting point for dress. Not having the credit to entertain desires for major commodity purchases, young people begin to make their own small goods, as well as their own art.

The strength of this new consciousness can be seen by the

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massive student rejection of the Vietnam War, so different from the general acceptance of the Korean War. The burden of fighting the war fell upon white youth as well as minority group youth, and heightened the retreatist and radical tendencies in youth culture. The split between retreatist hippies and radical militants should not obscure the fact that both positions signify an increasing rejection of old cultural values. This split resembles the tension between separatists and revolutionaries found in the older ethnic groups. Like other ethnic groups, adherents of youth culture lose many of their peers to "straight" society. But the pool of unoccupied youth, the structural underpinning of this consciousness, continues to grow, even if it is not the central theme for protest. Therefore the cultural gap grows. A host of linguistic and stylistic features now separates youth culture from straight society.

The most numerically significant group to be structurally alienated by recent economic changes is not youth, nor even blacks, but women. We are now in the first phases of the development of women's consciousness. Like young people and nonwhites, women have always been victims of discrimination in the United States. They too have been affected by recent technological advances. The accumulated effect of labor-saving devices and birth-control advances has removed much of the sheer drudgery and physical exhaustion from the daily lives of married middle-income women. At the same time they have become somewhat more marginal and replaceable as the source of cheap household labor. The more degrading aspects of their position remain. The increasing movement of women onto the job market does not cancel out the overall increase in structural alienation of the female population. The marginality of married women's daily life is as notable as that of students or the ghetto dwellers. Even though the social isolation of suburban housewives has slowed the spread of feminist consciousness, in the long run it is likely to have an impact as deep as that of any other ethnic consciousness, because it is similarly relevant to the life situations of its adherents. A vast amount of feminine unhappiness and frustration awaits articulation.

The situation of blue-collar workers is somewhat different. The lack of growth of blue-collar employment is the source of

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considerable anxiety amongst workers. Blue-collar work is often extremely unrewarding and is the cause of much discontent. The same is true of white-collar work. Nevertheless, these groups are not structurally alienated in the sense that we have been using the term. They are a working class. They have jobs, income, and are locked into the consumer cycle. They are producers as well as consumers, and they feel that they play a vital role in the society.

The sense of panic sometimes visible in the working class comes not from the growth of a new consciousness amongst them, but from exactly the opposite. Their commitment to the American way of life leaves them unable to understand the increasing deterioration of the moral order. They have served America well, but in return they see their cities decay and their children threatened by educational chaos and by the counter-culture. Their property values deteriorate, and they are unable to escape to suburbs. Their own jobs are threatened by integration and automation. They have been cheated, and are no longer certain whether to vote for George Wallace or Hubert Humphrey. This rise of working-class uncertainty may possibly presage some dramatic shifts of political consciousness, particularly as counter-culture people are recruited into blue-collar ranks.

Only in the upper reaches of the income structure do we find people insulated from structural alienation. For them, the cultural crisis is itself the problem. In contrast, for the people challenging the old order, the problem is not their new consciousness, but the objective frustration of their lives.

But even though upper-middle and upper income receivers may not have their livelihoods affected, they are likely to be husbands and fathers, which means they may be forced into personal confrontrations with feminism and the youth culture. They may have to face angry students, angry workers, angry patients, or angry clients. The breakdown of public order and the decline of civility pose an increasing threat to their confidence in the future. As ethnic consciousness and conflict erupt in all the traditional institutions of social control (schools, army, police, welfare, legal system), it is inevitable that among the

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better-off, too, faith in the viability of the old order may be shaken.

Possible Outcomes

Those who believe in the old system of American values which emerged during the Progressive Era are united by a common perspective and a common vocabulary. They see the same problems in the same words. The term "paradigm" can be useful to describe this. Thomas Kuhn introduced the word to describe frames of reference which delimit the focus and thought content of normal scientific work. At certain times in the history of scientific disciplines the old paradigm fails to make sense out of the data. The science may then enter what Kuhn calls a revolutionary crisis, in which new paradigms compete for dominance.

Until the 1960s, American public consciousness was dominated by the "progressive paradigm" of early capitalism. The evolution of the economy has finally broken the hold of that paradigm over large groups of the population. The expelled race, sex, and age groupings have developed their own perspectives. But the ethnic focus of these new paradigms limits their relevance for other ethnic groups. The cultural crisis is therefore marked not only by polarization between adherents of the old versus the new paradigms, but also by fragmentation between the new groups. Proponents of different forms of new consciousness easily become opponents. Exchanges between groups often result in misunderstanding and the breakdown of communication, making it impossible for people to see the structural parallels in their respective situations.

However, the interrelations of ethnicity with class structure work two ways. They can weaken the impact of both by confusing the issues and dividing dissident groups. On the other hand, they greatly widen the potential influence of alienation. Not all blacks are structurally alienated, but all blacks suffer from the racism and fear directed at the black poor.

The sheer demography of the situation dramatizes the potential size of the problem posed by widening rejection of the old paradigm. Seventy percent of the population are over

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sixteen, but only 40 percent of the population are part of the labor force, even including the unemployed. Looking at the populations which might be reached by ethnic forms of consciousness, that is to say, racial minorities, females, and people under thirty, we find that they make up 85 percent of the population. White males over thirty constitute only 15 percent of the population, even though they dominate blue-collar employment and the professions.

I am not suggesting that all people in ethnic groups are turned on, nor that all white male adults are conservative. Not all the structurally alienated have a new consciousness, and not all people inside the economic system support the old paradigm. But when one considers the enormous changes in occupational structure over the last forty years, what seems surprising is not the rising challenge to the old paradigm, but that the challenge took so long to develop.

The issue confronting the United States is: can the present deterioration of the moral order be halted? Can the proponents of the old progressive paradigm reimpose the social consciousness of early capitalism upon the structurally alienated? It is not very likely. The new forms of consciousness, however restrictive, have a closer fit to the reality of structural alienation than does the old perspective. Precisely because the new forms of consciousness are caused by a new social reality, the solution to the cultural crisis cannot be on a purely cultural level.

A logical alternative would be to address the structural problem by reducing economic alienation and social marginality, thus reducing the saliency of new forms of ethnic consciousness and giving the progressive ethos some basis in reality. This could not be done, however, without a complete reorganization of the current system of supply and demand. It is hardly possible to solve a problem of economic structure without restructuring the economy. Those who benefit from the present system are unlikely to go quite that far.

It is far more probable that the widening rejection of the current order will lead to a major political crisis, out of which new patterns of government and social control will emerge. Such a "revolution" need not necessarily benefit the structurally alienated. A bankrupt parliamentary system can end in a Fidel

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Castro *or* in a junta of Greek colonels. If the alienated groups remain focused upon purely ethnic issues, it may be possible for right-wing racism to triumph in coalition with military and industrial interests. Such a coalition destroyed the German parliamentary system four decades ago after a somewhat similar cultural crisis.

This raises an important aspect of the relationship between cultural crisis and revolution. It is easy to make the semantically logical error of thinking that revolutions are made only by revolutionaries. But the process is more complex, for the "straight people" who are essential to the running of an old order can play a revolutionary role if only by their withdrawal of support from the existing regime. The great revolutions of history took place not only because radicals opposed the armed forces of the old regime in open battle, but also because the armed forces at some point laid down their arms and refused to fight any further. When those parts of the population who are *not* structurally alienated finally refuse to play their ordinary roles, the old regime falls.

As the regime collapses, the struggle widens over who will pick up the pieces, or more accurately, over the shape of the new paradigm. In this struggle revolutionaries have a role to play that is fully as important as destroying the old regime. Every revolution thus has a negative and a positive aspect, the negative being rejection of the old system and the positive being the emergence of a new system.

The United States appears to be heading slowly but inexorably towards a political crisis as cultural polarization worsens. But if the current fragmentation between structurally alienated groups continues, the outcome of a revolutionary situation is likely to be right-wing dictatorship. It is therefore essential for the future of the alienated that they begin to replace ethnic ideologies with an appreciation of shared structural problems and interests.

Radical groups at present seem to be focusing their energies upon attacking the old order and upon maintaining the purity of their newly found ethnic identities. The revolutionary task which lies before them consists not only in the negative achievement of bringing down the old order, but also in the

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positive achievement of forming a broad social consciousness based upon the shared realities of structural alienation.

The reduction of fragmentation between alienated groups is thus more urgent than the polarization of the larger society. Polarization will continue, not because of militant activity, but because late capitalism is increasingly unable to cope with the social problems generated by structural change. No threat to a system is more serious than its own incompetence, for nothing is more likely to generate despair among those who still support it. Fortunately, the United States has not yet arrived at the hour of political crisis. Those who desire a revolutionary outcome still have time to work towards the unity of alienated groups and to seek allies from those who will yet leave the mainstream.

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THE ARMED UPRISING IN CEYLON

This is an edited version of a manuscript which reached us from friends in Ceylon.—The Editors

With the armed uprising of the Ceylonese youth, a new epoch has opened. The parliamentary process, which had been accepted by reformist politicians as a permanent way of political life, has been seriously challenged.

Bourgeois reformists, including Stalinists, had sought to draw an idyllic picture of Ceylon, depicting it as a country where, because of the predominantly Buddhist population, violence is alien to tradition and culture. This view, traditional for twenty-five centuries, has been negated by the recent armed struggle for the seizure of political power.

The conflict, which lasted forty days, saw unprecedented slaughter by government forces, especially of young people from the Sinhalese Buddhist area—an area whose interests the government claimed to serve. The jails are full, the universities have been turned into concentration camps—all with the help of arms from seven countries—and the present regime has been shaken to its foundations.

On April 5th, 1971, young workers, teachers, students, and unemployed launched the struggle, the leadership of which was provided by the Janata Vimukthi Peramuna (JVP, People's Liberation Front), a Maoist-style youth movement, which had been underground from some time in 1965 until May 1970,

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and which functioned openly thereafter until it was banned on April 6th, 1971. Among its known leaders are Rohana Wijeweera, a former student at Lumumba University in Moscow, and Mahinda Wijesekera, a student at Vidyodaya University, both imprisoned about two weeks prior to the launching of armed struggle.

During its underground days, the JVP attracted thousands of radicalized youth throughout the country; in the main they were young women and men between the ages of sixteen and twenty-five—students from universities, technical, and secondary schools; Sinhalese-educated unemployed from both rural and urban areas; and Buddhist monks. There were also some young workers, drawn mainly from the state-industrial corporations and the state-agricultural sector, from the Land Development Survey Department and the Colonization Schemes in particular. University lecturers, teachers, and professors also played an important role.

The Janata Vimukthi Peramuna

The JVP's membership is drawn largely from the rural lower and middle classes, the urban petty bourgeoisie, and to a lesser degree from the working class. It claims to be Marxist-Leninist. In its view, the peasantry is the strongest revolutionary force, and its aim is to bring about an egalitarian society by means of the abolition of the colonialist, export-import, plantation economy, replacing it by an economy based on rice cultivation and domestic agriculture. The JVP has not clarified its views regarding the role of the working class in the revolutionary struggle, and has ignored the one million plantation workers of recent Indian origin. Neither has it explained what it means by "Indian expansionism," to which it is opposed; nor has it stated its position regarding the rights of the Tamils and other oppressed minority groups. Though it has vehemently denounced imperialism—and U.S. imperialism specifically—it has not projected an anti-imperialist program.

Youth Radicalization

The post-Second World War generation acquired political consciousness largely as a result of the influence of the Trotsky-

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ist Lanka Sama Samaja Party (LSSP), which led many struggles in the early postwar period. These struggles, which culminated in the great one-day uprising or *hartal* in 1953, contributed substantially to the radicalization of young people. Subsequently, however, the LSSP, instead of preparing for the next stage of struggle, leaned more heavily than ever on parliamentary tactics, which led to certain illusions on the part of its followers.

On the parliamentary level, the LSSP had a serious rival in the Sri Lanka Freedom Party (SLFP), the alternative bourgeois party of Prime Minister Sirimavo Bandaranaike, which purported to be the poor man's party. Its campaigns directed toward making Sinhalese the state language and for making a "rightful place for Buddhism," combined with the progressive coloration given to the party by the ex-LSSPer Philip Gunawardena, convinced many of the youth of school-leaving age in 1955-1956 to join the Bandaranaike camp. But the two Bandaranaike regimes (1956-1959 and 1960-1964) showed themselves to be unable to face effectively the problems of unemployment and the lack of educational and other opportunities. It soon became evident that the adoption of Sinhalese as the official language and state recognition of Buddhism did not create jobs or bring any other benefits.

By 1964, the present generation of youth realized that there was no parliamentary solution to its problems. When it looked to the LSSP for an extra-parliamentary way out, it found that that party had abandoned its revolutionary program and betrayed its working-class constituency, in exchange for cabinet posts in the reformist SLFP-LSSP coalition government.

The victory of the conservatives (the UNP) in 1965 gave further proof to the young people that parliamentary politics was a game played by bourgeois-reformist parties, while the problems of the people, increasingly acute, went unsolved. Nearly one million people were unemployed. The proportion of unemployed in the 19-25 age bracket rose to 64 percent. (*Central Bank Bulletin,* April 1971) It became clear to them that they were social rejects and that there was no hope of changing their condition within the existing social framework.

It was in this context that, after 1965, the younger gen-

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eration totally rejected a society in which it had no place. Since the traditional parties of the workers were tied to the establishment, they too were rejected, and the youth turned to armed struggle as the only viable alternative. Since they found no point of support in other parties or movements, they formed their own organization, the JVP.

This took place at a time of revolutionary upsurge—first the Chinese Revolution, then the Algerian and Cuban Revolutions, and the Vietnamese war of liberation. (The crisis of Stalinism, publicly acknowledged at the Twentieth Congress of the Communist party of the Soviet Union in 1956 also played a role.) Undoubtedly subsequent events—the upsurge of the U.S. antiwar movement, the French outburst of May 1968, the Pakistani struggles, and the Czechoslovakian mass mobilization—also contributed to the further radicalization of the Ceylonese youth.

Preparation for Struggle

The preparations of the JVP for armed struggle were clandestine until August 1970, after which it began to function openly. Its ideological preparation, including study groups, were also clandestine, and confined to members and sympathizers. There was no evidence that it had a supply of literature or newspapers until it began to operate openly. The armed actions that its cadres launched—in uniform and supplied with guns and bombs—suggested that they had had military training, and it appears that from the outset their main concern had been preparation for armed struggle.

The reaction of the coalition government to the JVP's open and visibly successful political activities was to denounce them as CIA agents. A joint statement signed in August 1970 by the secretaries of the three coalition parties—the SLFP, the LSSP, and the Communist party—declared that the government intended to put down the movement vigorously, and the statement was soon implemented. The full repressive force of the state apparatus was activated; the police invaded the homes of the young rebels, arrested, beat, and tortured them. Needless to say, the subsequent trials were a farce.

As a consequence of the coalition government's failure to

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solve the pressing problems of the workers, peasants, and youth, the JVP became a rallying point. Its growing strength provoked increased police action, culminating in March 1971 in the arrest of the above-mentioned two leaders, along with other members and supporters. It was in this context that the JVP launched the uprising on April 5th.

Strategy

The strategy of the rebel youth was apparently to undertake a coordinated series of surprise attacks on police stations, mainly in rural areas, in order to seize weapons and ammunition, and to paralyze the principal regional administrative offices of the government—District Revenue offices, rural banks, post offices.

The rebels succeeded in putting a number of police stations out of action, destroying some government buildings, dynamiting bridges, and barricading roads, thus disrupting traffic and communications. (Colombo was not attacked, except for one police station.) Within a few days some areas were virtually under the control of the rebels.

There were attacks in seven out of nine provinces; in other words, the uprising spread to roughly two thirds of Ceylon. In areas controlled by them, the rebels hoisted the red flag with hammer and sickle and their own JVP banner. In some places they distributed large landholdings to the landless peasants, though this was not done systematically. The government attempted to circulate false rumors about rebel treatment of the population, but it was in fact above reproach, especially in regard to women and girls.

Despite its limitations, i.e., the lack of participation by the organized working class and other oppressed sectors, the uprising was the most serious attempt ever made in Ceylon to overthrow state power. With unexampled courage and heroism, thousands of young men and women laid down their lives.

The Government's Offensive

From the outset, the government denounced the young rebels as terrorists, and undertook an all-out war against them with all the armed forces, internal and external, at its com-

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mand. It sought and obtained arms, including helicopters, from the United States, the United Kingdom, India, Pakistan, and the United Arab Republic, among others. It requested and received troops and warships from India, as well as arms from Yugoslavia and the Soviet Union; the latter also supplied jets and pilots for training local personnel.

The government's armed forces did not confine their attacks to the young rebels; they slaughtered thousands of young people with no rebel ties, merely because of their age or family connections. Thousands who were taken into custody on suspicion were summarily executed, some of them publicly; many victims were shot at the edge of graves they themselves had been forced to dig; the wounded were burned alive or buried with the dead; corpses were seen daily floating down the rivers —a public display intended to terrorize the populace.

Government forces destroyed and razed many homes of the poor—even entire villages—by bombing, strafing, and burning. Their offensive, supported by the armaments of seven countries, pushed the forces of the rebels farther into the interior and into the forest-covered hills. In some areas, military and police vehicles could move only on the main roads, and only in daylight.

Severe Repression

Several thousand prisoners are at present confined in dungeons and concentration camps, and over 12,000 are held in prisons. Hostages have been taken, including parents and younger children in the families of rebels. Neither their relatives nor their lawyers are permitted to visit the detainees. The so-called Advisory Committee is the only body to which they can make any kind of representation. However, detainees who are suspected of being members of a proscribed party may not even exercise this right.

The full use of legislation through regulations under the Public Security Act has led to a virtual military-police regime: curfew is in effect throughout the country for nearly nine hours daily; all democratic rights have been annulled; police and military personnel enter dwellings, searching and arresting in-

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habitants at will; and the courts have been stripped of their jurisdiction over a wide range of offenses (in any case, police authorities do not permit suspects to appear in court).

Draconian legislation covers all activities vaguely described as "prejudicial" to so-called public order or safety: twenty-year sentences or the death penalty are meted out merely for association with persons suspected of conspiring to overthrow the state; the JVP has been banned, as have all public meetings; severe press censorship prevails, and thirteen political newspapers have been closed; schools were closed for two months and universities have been closed for an indefinite period. Concentration camps, known as rehabilitation centers, have been set up at two universities.

Many government employees have been dismissed for failure to report to work on a given day, regardless of their reasons for absence; those dismissed have no right of appeal to any tribunal. The government has laid off thousands of workers, especially in the building trades. A wide range of services in the public and private sector has been declared "essential," which means that employees of those services have no right to strike. Furthermore, a code of conduct for all employees has been issued by the Ministry of Labor, which nullifies most of the rights won by the workers over the years.

Who Are the Rebels?

The government made an effort to link the uprising with domestic and foreign rightist forces, but police investigations before and after the uprising have not produced any supporting evidence. The Prime Minister, who spoke to the nation five days after the outbreak, could only say that the rebels were misguided youth who were impatient for radical change, and that their movement was backed by "big money, diabolic minds, and criminal organizers."

The "criminal organizers" were none other than the youth themselves, most of whom had worked actively for the election victory of the coalition parties in May 1970. They had participated by the thousands in the massive, coalition, May Day demonstrations in Colombo in 1970, under the banners

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"Our Road is the Road of Che Guevara," "Our Road is the Road of Ho Chi Minh," "Along This Road We Shall Shed Blood," and "Give Us Revolvers, Give Us Rifles."

In fact, a number of those arrested are from the youth leagues of Prime Minister Bandaranaike's Sri Lanka Freedom Party, the LSSP, and the CP. The chief youth organizer of the LSSP, who is a member of Parliament, and other branch secretaries of the LSSP are among those in custody. A considerable number of the CP (Moscow) youth has also been detained. Shanmugathasan, leader of the CP (Peking), was arrested, for diplomatic reasons only: the government took the opportunity to point an accusing finger at the People's Republic of China, believing this to be helpful in obtaining the support of Ceylonese and foreign capitalists, as well as of Indira Gandhi, through whom they hoped to influence the 700,000 plantation workers of Indian origin.

The government was unable to conceal the fact that the uprising was youth-organized and youth-oriented. Several broadcasts by the Prime Minister and other ministers had a common refrain: "I appeal," said Ms. Bandaranaike, "to [the youth], even at this stage, to drop their mad campaign of destruction and come back to saner living." Leslie Gunawardena, Minister of Communications, said: "There is no doubt that the essence of the matter is that it was a revolt of the youth. Those participating are, in their large majority, between the ages of sixteen and twenty-three."

The government's decision to ask the North Korean Embassy personnel to leave the country was taken without any evidence of direct or indirect complicity in the armed action. The decision was clearly motivated by the government's desire to establish closer links with U.S. and British imperialism.

The Working Class

The organized working class as such did not participate in the uprising, though many young workers took an active part. In response to the call of the coalition leaders of the LSSP and the CP, the trade-union bureaucrats pledged support to the government, and even assisted the police and military in hunting down and murdering the rebels and their sympathizers.

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But there are indications that rank-and-file unionists did not accept this policy. For example, many workers of coalition trade unions refused to contribute to the so-called Insurgent Victims Fund, sponsored by the coalition parties. Both the behavior of coalition trade-union officials and the failure of the organized working class to speak out against the murders and atrocities of the government are the measure of working-class disorientation, resulting from coalition politics and from the process of absorption of the union apparatuses into the state structure.

A Challenge

The armed uprising was the first real challenge to the Ceylonese capitalist regime; it was also a challenge to all those who peddled the notion that socialism could be won through bourgeois parliamentary means. Since the collapse of the revolutionary-oriented LSSP in 1964, the country has been totally dominated by parliamentarism, electoralism, and political manipulation by the SLFP, the LSSP, and the CP. The SLFP, like a colossus, bestrode the political scene, and the Bandaranaike policies gave the appearance of being consonant with socialist policies. The youth uprising showed that this popularity of the SLFP was a temporary phenomenon and that the colossus had feet of clay. It also showed that the unprecedented mass support which the coalition government had enjoyed since taking office has, to a large extent, evaporated.

Oppositional Currents

Apart from the young rebels, large sectors of the masses that had previously supported the government have broken with it. The mass slaughter and atrocities perpetrated by the armed forces at the behest of the government are weakening the government's support among the people at large. However, the unprecedented repression, the violation of democratic rights, and the state of virtual martial law that now prevails have prevented the people from articulating their dissent. Nonetheless, there is a real possibility that broad sectors of the masses will develop an anti-capitalist, left orientation, not only as a result of the government's behavior during and since the April events

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but also as a reaction to their own pressing economic problems, now more acute than ever.

How soon the working class and its allies can take the road of struggle is problematic, especially under today's military-police dictatorship. In any event, the armed uprising has posed sharply for Ceylonese revolutionaries the question of correct strategy and tactics. Concretely, the successful outcome of revolutionary struggle is inescapably linked to the great debate on the following questions: What are the real socialist alternatives to the present capitalist-imperialist plantation and domestic economy? What are the forces of the Ceylonese revolution? What is the role of the working class, including plantation workers, in this revolution? What class will control post-revolutionary state power? If armed struggle is the continuation of politics by other means, is not ideological, programmatic, and organizational arming of primary importance, and military arming secondary? These questions are all crucial to the direction and success of future revolutionary struggles in Ceylon.

IN THE JANUARY
International Socialist Review

Georg Lukács as a Marxist Philosopher
by George Novack

Until his death last year, Georg Lukács was probably the best-known living Marxist philosopher. Here a leading American Marxist scholar provides a critical assessment of Lukács's contributions to socialist thought over the last five decades.

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ENGELS ON IRISH NATIONALISM

A new and valuable collection—Karl Marx and Frederick Engels, *Ireland and the Irish Question* (Moscow: Progress Publishers, 1971)—contains the following item (pp. 302-304), which has not only historical interest but also relevance to national and colonial issues today. This is a report written by Engels of a speech he made at the May 14, 1872 meeting of the General Council of the First International (International Working Men's Association). Engels here addressed himself to a motion proposed by John Hales, a British trade unionist and member of the General Council of the International: "That in the opinion of the Council the formation of Irish nationalist branches in England is opposed to the general rules and principles of the Association." Engels presumably wrote this up for release to the press and for the minutes of the General Council. However, the speech was not published because at the next meeting of the General Council it was decided not to include the debate on the Irish question in the report for the press.—The Editors

Citizen Engels said the real purport of this motion was to bring the Irish sections under the jurisdiction of the British Federal Council, a thing to which the Irish sections would never consent, and which the Council had neither the right nor the power to impose upon them. According to the rules and regulations, this Council had no power to compel any section or branch to acknowledge the supremacy of any Federal Council whatsoever. It was certainly bound, before admitting or rejecting any new branch, within the jurisdiction of any Federal Council, to consult that Council. But he maintained that the Irish sections in England were no more under the jurisdiction of the British Federal Council than the French, German or Italian sections in this country. The Irish formed, to all intents and purposes, a distinct nationality of their own, and the fact that they used the English language could not de-

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prive them of the right, common to all, to have an independent national organization within the International.

Citizen Hales had spoken of the relations between England and Ireland as if they were of the most idyllic nature, something like those between England and France at the time of the Crimean war, when the ruling classes of the two countries never tired of praising each other, and everything breathed the most complete harmony. But the case was quite different. There was the fact of seven centuries of English conquest and oppression of Ireland, and so long as that oppression existed, it was an insult to Irish working men to ask them to submit to a British Federal Council. The position of Ireland with regard to England was not that of an equal, it was that of Poland with regard to Russia. What would be said if this Council called upon Polish sections to acknowledge the supremacy of a Russian Federal Council in Petersburg, or upon Prussian Polish, North Schleswig, and Alsatian sections to submit to a Federal Council in Berlin? Yet what it was asked to do with regard to Irish sections was substantially the same thing. If members of a conquering nation called upon the nation they had conquered and continued to hold down to forget their specific nationality and position, to "sink national differences" and so forth, that was not internationalism, it was nothing else but preaching to them submission to the yoke, and attempting to justify and to perpetuate the dominion of the conqueror under the cloak of internationalism. It was sanctioning the belief, only too common among the English working men, that they were superior beings compared to the Irish, and as much an aristocracy as the mean whites of the slave states considered themselves to be with regard to the Negroes.

In a case like that of the Irish, true internationalism must necessarily be based upon a distinctly national organization; the Irish, as well as other oppressed nationalities, could enter the Association only as equals with the members of the conquering nation, and under protest against the conquest. The Irish sections, therefore, not only were justified, but even under the necessity to state in the preamble to their rules that their first and most pressing duty, as Irishmen, was to establish

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their own national independence. The antagonism between Irish and English working men in England had always been one of the most powerful means by which class rule was upheld in England. He recollected the time when he saw Feargus O'Connor and the English Chartists turned out of the Hall of Science in Manchester by the Irish. Now, for the first time, there was a chance of making English and Irish working men act together in harmony for their common emancipation, a result attained by no previous movement in their country. And no sooner had this been effected, than they were called upon to dictate to the Irish, and to tell them they must not carry on the movement in their own way, but submit to be ruled by an English Council! Why, that was introducing into the International the subjugation of the Irish by the English.

If the promoters of this motion were so brimful of the truly international spirit, let them prove it by removing the seat of the British Federal Council to Dublin, and submit to a Council of Irishmen.

As to the pretended collisions between Irish and English branches, they had been provoked by attempts of members of the British Federal Council to meddle with the Irish sections, to get them to give up their specific national character and to come under the rule of the British Council.

Then the Irish sections in England could not be separated from the Irish sections in Ireland; it would not do to have some Irishmen dependent upon a London Federal Council and others upon a Dublin Federal Council. The Irish sections in England were our base of operations with regard to the Irish working men in Ireland; they were more advanced, being placed in more favorable circumstances, and the movement in Ireland could be propagated and organized only through their instrumentality. And were they to wilfully destroy their own base of operations and cut off the only means by which Ireland could be effectually won for the International? For it must not be forgotten that the Irish sections, and rightly so, would never consent to give up their distinct national organization and submit to the British Council. The question, then, amounted to this: were they to leave the Irish alone, or were they to turn

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them out of the Association? If the motion was adopted by the Council, the Council would inform the Irish working men, in so many words, that, after the dominion of the English aristocracy over Ireland, they must now look forth to the advent of the dominion of the English working class over Ireland.

If you remove the English army tomorrow and hoist the green flag over Dublin Castle, unless you set about the organization of the Socialist Republic your efforts would be in vain. England would still rule you. She would rule you through her capitalists, through her landlords, through her financiers, through the whole array of commercial and individualist institutions she has planted in this country and watered with the tears of our mothers and the blood of our martyrs. . . . Nationalism without socialism—without a reorganization of society on the bases of a broader and more developed form of that common property which underlay the social structure of Ancient Erin—is only national recreancy.

—James Connolly, written in 1897, in Desmond Ryan, ed., *Socialism and Nationalism* (Dublin, 1948).

History shows that no master class is ever willing to let go without a quarrel. The capitalists own the government's armies, and the militia. Don't you think the capitalists will use these institutions to keep themselves in power? I do.

—Jack London, 1923

All excess is usurpation and the sight of the needy ought to awaken remorse in the soul of the wealthy. Perverse men, you who roll in riches and pleasures, tremble, lest one day the wretched who lack the necessities of life apprehend fully the rights of man.

—John Locke

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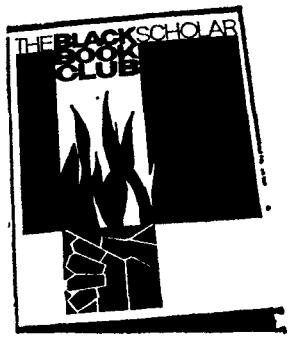

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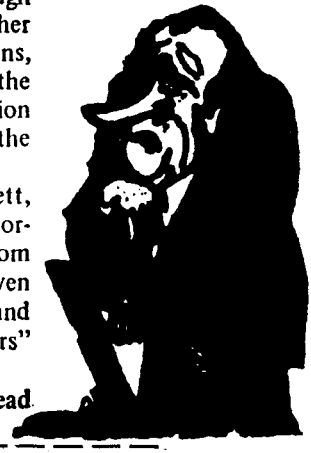

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WORLD EVENTS

By Scott Nearing

Empire Building is Wasteful and Wicked

Four hundred years, from 1500 to 1900, were devoted by Western nations to empire building. The chief actors in the international drama were half a dozen "great European powers," headed by the governments of Spain and Portugal, with Holland, France, Great Britain, and, later, Russia and Germany following suit.

The procedure was simple. European navigators, with credentials and some economic backing from their respective governments, sailed the Atlantic, the Pacific, and Indian Oceans, skirted around Africa, and sought a "northwest passage" that would re-establish East-West trade in spices, silk, fish and other commodities. When the adventurers reached a "new" country, not yet "discovered" by Europeans, they took official possession of the land in the names of their respective sovereigns, grabbed the available gold and silver, installed missionaries to preach the gospel of peace and brotherhood, enslaved natives, parcelled out the land and proceeded to exploit it systematically.

Frequently two or more of the European gangsters fought for the possession of American, Asian, and African territory. The result was long and bitter wars, with colonial spoils going to the victors. The outcome of this international free-for-all was the dismembering of the Turkish and Chinese empires and the concentration of the spoils in the hands of British, French, Dutch, and Russian predators. At the time of Queen Victoria's jubilee in 1897, a quarter of the planet and a quarter of the earth's human population were safely tucked away under the Union Jack and the British Navy, which was patrolling the seven seas.

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The next year, 1898, saw the short, decisive, Spanish-American War, which transferred the Philippines, Cuba, and Puerto Rico from Spain to the United States. The Spanish title to the property was imperfect because active colonial revolts were going on in the Philippines and Cuba.

One year later, Dutch settlers in South Africa revolted against British rule. The resulting war between Dutch settlers and British invaders involved humiliating defeats for the British and the ultimate independence of the South Africans.

The three critical years, 1897-1899, and the events preceding them led to a great deal of soul-searching among European social scientists, philosophers, and publicists. Until then it had been taken for granted that empire building and the resulting concentration in European hands of wealth, power, and prestige were indices of prosperity and progress. Now, voices of protest were heard. European socialists were denouncing the entire enterprise of empire building in no uncertain terms. J. A. Hobson, British economist, in his *Imperialism,* raised the issue in the academic world. Norman Angell, in his *Great Illusion,* raised the issue among the journalists and publicists. Was empire building a source of profit or loss? Was empire building a worthy or an unworthy and wicked occupation?

The debate was carried on ardently for another decade. Then, in 1914, with the advent of a general war involving all of the great powers of Europe, the question was answered by the course of events.

At the beginning of this four-century period the Vatican had divided the colonial territory of the planet into two parts: one Spanish, the other Portuguese. At the end of the period, in 1900, Spain and Portugal were virtually out of the picture. The remaining European powers were lined up in two camps: the defenders of the status quo, led by Great Britain, and the challengers, led by Germany.

During the following half century the rival groups of empire builders fought two major wars and several minor ones. The outcome was bankruptcy and downgrading for every one of the European empire-building governments; independence for most of the Asian and African colonies of the European imperial rivals; the advent of two new empire-building powers

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—Japan and the United States—and the emergence of a new economic, social, and political force—socialism-communism.

The latecomers in the struggle between the rival European empire builders entered the contest with the ardor of novices. Later, in the second phase of the contest, in 1936-1945, they were ranged on opposite sides of the battle lines. During the war for the Pacific, 1941-1945, the Japanese were decisively defeated, the Japanese empire was dismembered, and the American conquerors occupied the Japanese archipelago.

This series of events left Washington cock of the walk. In terms of their productivity, wealth, income, army, navy, air force, the United States occupied a position of easy ascendancy. Would the Americans use their unquestioned advantage to establish a world federation of legally equal nations, modeled on the United States of North America or the Swiss Republic, or would they flex their muscles, mobilize their forces, and police and exploit the planet?

Washington, dominated in its policy making by the admirals and generals in the Pentagon, preferred the role of policeman to that of fellow-citizen. Gun in hand, they moved into the American Century, which was to parallel and outshine Britain's performance of the same star role from 1815 to 1914.

The first long stride into the American Century was taken by 1945. United States armed forces occupied the sea and air of the Northern Hemisphere; after 1945 they also occupied the land of Western and Central Europe; the United States stood at the summit in world trade and investment; the dollar was the world currency, replacing the British pound sterling. Only the Soviet Union and its allies and associates stood in the path of America's advance to world domination.

The advent of the Chinese People's Republic in 1949 raised a new and vitally serious issue: how about Asia? The defeat of Japan in 1945 had established the Western defense line of the United States along the island chain that borders East and Southeast Asia. The occupied Japanese islands were part of that chain. Formosa (Taiwan) was its keystone and was occupied and fortified by Washington as one of the first steps in the Korean War. All European powers had been forced out of Asia by 1954 when the French were driven from Indochina. Who would fill the power vacuum?

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Soviet Siberia extended across Northern Asia. After 1949 Socialist China occupied East Asia. With India and Indonesia teetering on the brink, there was a possibility that the whole of Asia might opt for socialism-communism, challenging Washington's defense line, the Asian "island chain," and checking the westward spread of the American Empire.

The Korean War, the occupation of Taiwan, and active participation in Indochina after the French were forced out in 1954 were Washington's bid to occupy the Asian power vacuum and become mistress of the Pacific as it was mistress of the Atlantic after 1945.

The situation was critical. Could Washington follow its military occupation of the Pacific by occupying the Asian power vacuum, becoming dominant in the East as it was already dominant in the West? Inauguration of the American Century would be determined by the outcome of the struggle for Asia.

The Korean War was a draw. It gave Washington South Korea as a landing strip on Asia's mainland. But it also resulted in establishing North Korea as another socialist power in Asia.

Taiwan, "an unsinkable aircraft carrier," keystone of Asia's protecting island chain, gave Washington a toehold close to the Asian mainland.

People's China stood squarely in the road leading to the establishment of the United States as a first class Asian power. Washington's entry into South Vietnam gave it an opportunity to win a second landing strip on the Asian mainland and also offered a long stride toward the encirclement of China.

Step by step, under Republican and Democratic administrations, from the seizure of the Philippines in 1898 to the seizure of Taiwan in 1950 and the establishment of a client South Korea in 1953, the United States had extended its control over the Pacific to the island chain and on to the Asian mainland. For a busy decade, 1954 to 1965, Washington built up its striking power in Southeast Asia. In 1965 it began its active bid to create another client state, first in South Vietnam and later in Laos, Cambodia, and Thailand.

Uncle Sam has been empire building on a vast scale. He has the ships; he has the men; he has the money. All were

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used freely in Southeast Asia from 1965 to 1971. But ships, men, and money were not enough. The people of Vietnam proved to be an impassable barrier to the fulfillment of Washington's plan to take over Southeast Asia.

Behind the Socialist Republic of North Vietnam stood the arms supplied by the Soviet Union and the Chinese volunteers who played a decisive role in the Korean War. The Chinese were prepared to do the same thing again in Vietnam if the government of North Vietnam gave the word.

Washington's campaign to dominate the Pacific, encircle China, come to terms with the Soviet Union, and become the First Power in Asia has been brought to a dead stop in Vietnam. War in Southeast Asia may have cost $150 billion since 1965. Estimates differ. It has cost 50,000 American lives and the lives of perhaps a million Southeast Asians. It has done enormous ecological and social damage to Southeast Asia. Is this a "productive" investment of life and wealth or is it men and money poured into the rat-hole of competitive empire building?

Any serious study of past history and of current experience can lead to only one answer: the rat-hole analogy is sound. Empire building is wasteful and wicked. It corrupts the empire builders. It cripples and often destroys the colonial victims of the empire building frenzy.

Empire building, together with other forms of predation, aggression, and exploitation should be banished from human society as cannibalism and chattel slavery have already been banished. As China's Prime Minister, Chou En-lai, suggested in a recent interview, these forces should have no place in Asia. Washington should recognize the trends of present-day life, abandon its military bases, and withdraw all of its military forces from Asian waters and the Asian land mass.

Why So Many Wars?

War has become so much a matter of course that we barely turn our heads when another military conflict is announced. Indians and Pakistanis are destroying and killing, as part of an old feud between two religious cults. Egyptians and Israelis are preparing to resume a war that has been suspended tem-

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porarily. Fighting continues in various parts of Indochina, while United States ships and planes rain down bombs by thousands of tons.

Forty-three years ago, in the Kellogg-Briand peace pact, representatives of the chief nations solemnly declared their intention of renouncing war as an instrument of policy. Twenty-six years ago, spokesmen for the nations accepted a charter that outlawed war. Meanwhile, year after year wars are staged just as openly as sports events. The last "peace" year—with no war going on anywhere—was 1910. Since then, for sixty-one years, war has been part of the yearly human routine.

If some public opinion pollster were to go among the people in almost any part of the planet and ask: If you had a choice, would you choose war or peace? the answer would generally be, "We prefer peace."

Certainly a minority would choose war. Almost every nation has a professional military ministry or department manned by officers highly trained in the science and art of war and eager to practice their trade. Almost all nations have volunteer or conscript armies, navies, air forces. Officers go voluntarily to specialized military schools. Throughout the planet there are tens of millions who have been taught the science and art of wholesale destruction and mass murder. In almost every nation there is a militia or some other popular agency that provides civilians with a minimum of military training.

World military expenditures are running currently at about $225 billion per year. And yet the people are for peace. Why these contradictions? First, it should be remembered that all civilizations of which we have records have waged war as an instrument of policy. Second, we should note that Western civilized nations have been waging war for about a thousand years, with an average of one peace year for a dozen or fifteen war years. Third, whether we like it or not, Western civilization seems to be breaking up and historians assure us that wars are unusually prevalent during periods of social decline.

By and large, war-makers are in the saddle. Trained for war, equipped for war, paid to wage war, with billions of dollars invested in military hardware, why not war?

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(*Continued from inside front cover*)

member a book published 25 years ago by Paul Sweezy (well-known American Marxist economist) under the title *Imperialism, the Last Stage of Capitalism*. But I don't think the Americans would want to admit that this is what they are in the process of doing." The interview was translated into French by the Montreal paper *Le Devoir* (November 1), which then followed up a few days later (November 5) with an article entitled "La domination américaine: Quand M. Trudeau confond Sweezy et Lénine," by Dorval Brunelle, a sociologist at the University of Quebec. In his article Brunelle gives an excellent brief account of the major theses advanced in *Monopoly Capital* by Baran and Sweezy. Brunelle's concluding remarks indicate the kind of debate which is going on in Canada today: "The ambiguity of M. Trudeau's notions is not at the level of analysis but at the level of interpretation where, according to him, there exist two explanatory schemes: either the U.S.A. acts in such a way as to seize hold of the Canadian economy, in which case it would be necessary to apply the Marxist scheme; or their attitude is one of mutual aid, and in that case it is the bourgeois economic scheme which is applicable. Unfortunately, the analytic schemes do not vary with the 'creative imagination.' Since only the first scheme seems applicable, are we about to witness a redefinition of Canadian-American relations? In other words, are we about to initiate a national or state capitalism, are we on the verge of a political awakening which would be focused on the reduction of foreign ownership and the control of foreign companies? . . . Are we on the eve of a confrontation between the traditional bourgeois ideology of *laisser-faire-laisser-investir* and the thesis of Marx, Lenin, and Sweezy?" Needless to say, we are most grateful to Prime Minister Trudeau for enabling us to enter such excellent company.

The Africa Research Group (P.O. Box 213, Cambridge, Massachusetts 02138) is distributing a document entitled "Intelligence and Foreign Policy" which should be of interest to many MR readers. It is described by ARG as a "secret document which details the CIA's global strategies" and can be ordered from the above address for $1 a copy (plus 25¢ for postage and handling).

In the March 1971 issue of MR we ran a review by Keith Buchanan of Claude Julien's *L'Empire Américain*. Readers will be interested to know that this useful contribution to the analysis of American imperialism is now available in English translation (published by Pantheon).

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